

JPRS-EER-89-147  
29 DECEMBER 1989



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# **East Europe**

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NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

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# East Europe

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## GERMAN DEMOCRATIC REPUBLIC

### NDPD Publishes Platform for Reform

90EG0059A East Berlin NATIONAL ZEITUNG in  
German 4-5 Nov 89 pp 3-4

[Unattributed article reporting resolution of the NDPD presidium: "With a Renewed NDPD for the Renewal of Socialism in the GDR"; first paragraph is NATIONAL ZEITUNG introduction]

[Text] The presidium of the main commission of the National Democratic Party of Germany [NDPD] on Friday [3 Nov] discussed positions and tasks of our party in the present societal development of the GDR. In consultation with the chairmen of the bezirk associations the party's situation was assessed, opinions and proposals from the membership were considered. Attention was given to hundreds of letters by party units and individual party members which proclaim the will for action in reforming societal life in the GDR. The presidium of the main commission is turning to all party members, party units, and steering committees to act with determination for the renewal of socialism in our country. National and democratic responsibility demand mustering the entire intellectual potential, the political-moral and organizational capability of our party in order to master the extraordinarily grave situation confronting our republic and also our party. The presidium submits to the main commission this proposal for principles and goals of the NDPD in the societal restructuring in the German Democratic Republic.

### The NDPD Demands: The Socialist Party Pluralism Must Be Made Functional for Present and Future Requirements

1. The NDPD affirms its full support and self-responsibility for the turnaround in societal development initiated in the GDR. Moved by deep concern for the GDR, the members of our party feel the decision which brought about this turnaround a liberating deed. Our party members are awakening and are helping to shape this radical change. The NDPD will do everything [possible] so that the process of renewal will be understood as a great cataclysm for the preservation of socialism which will be implemented and made irreversible. This is the declared expectation of the majority of our members. We shall act accordingly. The limits of our past scope for action must be transcended.

Our socialist party pluralism must be made functional for present and future demands. Coexistence with equal rights and unrestricted autonomy of every party must be ensured. Observance of societal coresponsibility demands actual participation by the NDPD in the execution of, and responsibility for, government.

2. Mistakes and neglects have brought our republic into great danger. This danger is not yet banished. An honest and candid stocktaking of ourselves demands this statement: Leadership neglects have caused a serious loss of

trust in the party. Too late, erroneous trends were recognized, and for too long [we] kept silent. The uncritical adoption of complacent evaluations has distorted the picture of the actual course of matters. So it is all the more important now to strengthen and use the party's societal influence and capacity to prevail. And therefore, we declare: We want to be with those who banish dangers and do not provoke new ones. We want political stability to return to our country, which makes equally possible successful, productive work and free intellectual life.

We want to be a party of which every party member and every citizen senses: It is in a position to effect and alter matters important to society. In this we rely on the good and noticeable [things] cocreated by our party over decades.

Whatever has validity for the interests of the people must be defended and preserved; all else must be overcome.

3. The NDPD is a party of the German Democratic Republic. National and democratic policy remains in its essence anti-Fascist and antiimperialist and for our party remains tied to the decision for socialism. Socialism, to be effective, needs as an idea and in practice the inseparable linkage to its major force, the working class and its party. We stand by this, because we are honestly for socialism. At the same time we say: What has evolved historically and is founded in objectivity, must always be newly achieved, affirmed and democratically implemented in life. That demands leadership capability, societal concepts in which we cooperate as alliance partner and to which we can refer securely and reliably even in changing situations. Autonomy of our party within the alliance means: To work jointly for peace and socialism includes expressing different interests, also presenting opposite opinions, and arguing political conflicts. We want our actions within this alliance to have validity in practice. This holds true for issues of strategy and topicality. Our party must have this profile.

4. The NDPD stands firmly by the fraternal alliance of the GDR with the Soviet Union. This alliance is the indispensable external precondition for the existence, activity, and prosperity of our country, for peace in Europe, and socialism on German soil. This, also, is a principle of national and democratic policy. The half-heartedness of our country's leadership in its attitude toward the restructurings in the Soviet Union have also harmed our party. The fate of socialism in the GDR, also, depends on the success of the restructuring process in the Soviet Union.

5. National and democratic [elements] must more strongly become intellectual driving forces of our socialist fatherland. We shall contribute to this. It is also the task of science, education, and training. With progressive historical traditions of our people, our republic is deeply rooted in German history. We face up to all of German history and also to the joint responsibility of Germans in both German states for this history and

taking to heart its lessons. National Democrats are GDR citizens of German or Sorb nationality. We act according to this principle. It corresponds to our mentality. As cofounder of the National Front, our party advocates that the GDR's socialist people's movement gain status, overcome its self-chosen narrowness and, under new conditions, become the democratic forum of the entire population.

6. Our party shows respect and recognition to all party members who, in hard times, out of a sense of responsibility face societal tasks, confrontations, and battle for the continued existence of our republic. Today, even more than yesterday, level-headedness and adherence to the party line are the precondition for the success of a great societal reform, for a socialism in which everyone feels comfortable and at home.

#### **The NDPD Demands: Guarantee of High Constitutionality and Legal Security**

The NDPD in principle starts from the premise that any policy of renewal and corresponding reforms in our country must be in the interest of socialism. That requires the unrestricted functional capability of our democracy. Important democratic means and possibilities available to us in the GDR are not being utilized, others will have to be created.

The lasting guarantee of high constitutionality and legal security are of extraordinary political significance for us. Observance and purposeful implementation of the law and legislation must be the fundamental maxim of action for all state functionaries as well as every citizen. Equality and equal rights of all citizens before the law must be guaranteed and practiced at all times, everywhere.

#### **The NDPD Demands:**

- Basic legal norms, particularly those shaping the basic rights of citizens, are to be regulated by law and not by directives or resolutions of the Council of Ministers or ministerial orders. Bills of fundamental significance must be made available to public democratic debate, and resultant decision variants must be discussed thoroughly in the highest parliamentary representation, if necessary in several readings;
- The role of the People's Chamber as the highest organ of state power is to be strengthened through further commissions to be newly formed—also a science commission—and including all deputies and candidates for succession;
- Revision of the electoral law. A choice between several candidates, secret balloting, and public control of the election process and ascertaining the election result must be ensured;
- To achieve strict observance of the constitution in the further expansion and shaping of the legal system and its implementation, and to regulate by law how the constitutionality of legal precepts and other legal documents is to be examined by a competent authority;

- To create guarantees in a law concerning the Council of Ministers that this body and its members fully exercise, and can exercise, their government responsibility;
- Revision of the law on local people's representations with the goal:
  - of increasing control of the people's representations over the implementation of their decisions, and
  - to further shape the rights of municipalities and communities.
- To postulate in a law on travel the right of every citizen to travel to the countries of his choice;
- To round out Articles 28 and 29 of the constitution through legal provisions on the right to associations, peaceful meetings and demonstrations which cover both the rights and obligations of demonstrators as well as the security forces;
- To gradually revise the administrative law. Legal criteria, which exclude arbitrary discretionary decisions, must be established to guarantee the rights of citizens. Citizens must be able to avail themselves of court examinations of all administrative decisions concerning them. The possibilities of factual reexamination by the courts must be expanded. Administrative procedure must be uniformly regulated by law:
  - in order to shape the legal forms of our socialist economic system as well as strengthen the legality of economic activity and its management. It is a matter of mobilizing creative forces to an ever broader extent and to work against any kind of subjectivism.
- To simplify the tax law for all our country's citizens, to make it more comprehensible and eliminate unjustified differences. Taxation of craftsmen and tradespeople must be revised in the interest of an effective performance stimulus;
- Through a media law, early regulation of the rights and duties of our country's media for unbiased, truthful and self-responsible reporting, as well as the information duty of the government, and appropriate access to electronic media and the ADN news agency. We propose the forming of advisory boards at ADN, radio and television by deputies of all parties and organizations represented in the People's Chamber. These advisory boards are to be given legally guaranteed democratic powers to make decisions. By redistributing the available paper for newspapers, an increase in the circulation of the party press is to be made possible;
- That a new Criminal Code determines unequivocally, and excluding arbitrary interpretation, what is punishable. Revision of the provisions on criminal acts against the GDR and criminal acts against public order and security require priority treatment in the sense of limiting it to criminal conduct;
- To raise the role and esteem of courts through revisions of the law on the structure of the judiciary, the criminal code and the code of civil procedure, to strengthen the legality of [court] procedure, and to expand the rights of parties to the procedure;

- To expand, through a law on the legal profession, the possibilities of their work in the interest of their clients and for their participation in shaping our legal system;
- To legally revise the customs law, particularly with regard to its implementation capability and its consequences for protecting our national wealth from speculators and profit seekers;
- The NDPD sees a basic and indispensable element of the right of codetermination by all in a lively democracy which offers everyone the chance to get involved in, and decide on, societal affairs and which reflects the many varied interests of its people, its citizens, its classes, and strata. This demands perforce overcoming all bureaucracy and lowering material and personnel administrative expenditure.
- People's representations of all levels must be given every opportunity to exercise their state power autonomously and independently on a legal and constitutional basis. The financial and material means required must be ensured in practice and in timely fashion. Socialist representative democracy, which we want and which places the representative in constant responsibility to his voters, requires democratic mechanisms in the people's representations themselves.

For bezirk and kreis assemblies, permanent work presidia with a chairman should be elected for an entire election period, and the formation of parliamentary caucuses of deputies should be provided. The office of chairman of the city council or municipal chairman should be reintroduced.

- The authority of the people's representations and their members must be guaranteed through timely presentation of drafts of laws or resolutions, through their comprehensive discussion in permanent commissions and committees, through constructive support by members of the state apparatus for the work of deputies as well as [through the fact that] the competence of people's representations is not impeded by any interference by another side in the decisions. Urgently needed corrections of the agreed-upon plan can only be made by the people's representation itself.

#### **The NDPD Demands: Elaboration of a New Economic Strategy and Fundamental Economic Reforms**

The economy constitutes the material basis of our society's life. Our party advocates elaboration of a new economic strategy and a fundamental reform of the economy.

In this, we consider it as a priority:

The Council of Ministers must immediately make a thorough analysis of our economy, release its findings to the People's Chamber and to all our people and submit conclusions about what can and must be done immediately, in the medium term and in the long term in order to attain a joint goal-setting of economic development.

To promote deliberate action, the connection between labor productivity, effectiveness, wages, goods supply, and prices as well as other proportions must be made clear.

We want no illusions, no unrealistic catalogues of demands, and no promises which, given actual economic circumstances, cannot be fulfilled in the foreseeable future. But we do want a clear task set which promotes performance, not just immediate measures for today, but a reliable basis for the future.

We consider it necessary:

- To shape a simplified and effective system of state management and planning of the economy which above all aims at the people's quality of life. In this, central state management and planning must concentrate on structural policy and other fundamental issues of economic and social policy. In the interest of increasing the effectiveness of the economy, continuity of production must be decisively increased and existing economic disproportions must be overcome, particularly between final, ancillary, and spare parts production.

To be able to react more flexibly to new demands and occurring disruptions, reserve capacities in production must be created, supply stocks must be increased, and regular balance reserves must be created.

- High quality of production and its foreign currency profitability must be achieved through broad utilization of international division of labor. Practices of excluding oneself from these processes are harmful to that. Science and technology in their function as a productive force must be promoted and used more purposefully. Research, development and application of key technologies must be concentrated more strongly on those projects which correspond to the economic conditions and requisites of our country and directly advance the performance capability of industry, including consumer goods production. In general, productive utilization of science and technology must be effectively stimulated and expanded. In this, all available possibilities for advantageous cooperation, also with foreign enterprises—above all, of other socialist countries—must absolutely be made use of.

Great tasks and great responsibility confront our party members of the scientific-technical intelligentsia in implementing these demands by our party.

- Self-responsibility of the combines and enterprises must be shaped comprehensively and implemented. Dealings with centrally preset indices must be reduced fundamentally and overall administrative expenditure must be lowered.

The goals aimed for through the transition to comprehensive self-financing of investments can be realized only if the economic units really have the necessary

material means to actually carry out their self-responsibility. Otherwise it would lead to an accumulation of unusable funds in the combines and enterprises.

In addition to efficient combines, centrally or bezirk managed, more independent medium-size and small enterprises must be established which are capable of rapidly putting into production the results of science and technology and which prove to be more flexible, effective, and efficient for ancillary supplies and specialized production. From combines and enterprises upon which the production of consumer goods has been grafted and is ineffectual, this production must be transferred—without loss of quality and assortment—to specialized enterprises. This would also provide a better solution for the “thousand little things.”

- The entire system of industrial prices must be restructured. A realistic proof of expenditure and usefulness must effect a national and international performance comparison and performance promotion, drastically lower costs, and increase the economic result.
- A focal point of economic development must be the steady renewal of largely worn-out fixed assets in the construction industry, light industry, in the bezirk-managed food industry, in the agricultural, forestry and foodstuffs industry, in the local supply economy and in the transportation system, above all to lower costs and to noticeably increase the supply of consumer goods in the desired quantity and quality.
- Environmental protection and land improvement must be incorporated more purposefully, more concretely and more controllably in social and economic policy through:
  - ensuring public access to data of environmental stress and damage as well as of environmental protection,
  - greater economy in dealing with natural resources, particularly water and energy, everywhere and by everyone,
  - increasing pioneering scientific-technical work for environmental protection and land improvement, in particular for the preservation of clean air, protecting water and forests, and their material-technical guarantee.

Measures of environmental protection must be a firm component of all projects of investment, reconstruction and rationalization.

- Filling positions of managerial functions must be carried out solely on the basis of professional and political capability independent of party membership.
- In our opinion, one of the priority tasks is to increase the practical effectiveness of the performance principle as a decisive driving force of societal development in socialism. The share of funds of the national income spent for individual consumption in the form of payment according to performance must be increased instead of a “second pay packet,” without impairing the necessary social security of all. The income differences existing between groups of

employees must be strengthened according to the requisites of the scientific-technical revolution, responsibility in the reproduction process, and personal performance. Lower performances and negligence on a small or large scale must lead to pay cuts.

This also includes that those responsible for damages and losses in our economy must be resolutely held responsible.

Subsidies which go beyond ensuring social security, undermine the performance principle and offer incentives for waste, speculations, and enrichment at the expense of society, must be abolished. This must be linked to eliminating disproportions in the price structure of domestic trade.

- Small-scale crafts and trade are an integral component of our economy. Artisans and tradespeople belong firmly to the social structure of our country. Their services in the sector of services and repairs for the people are of increasing importance for their quality of life.

Hence it is necessary:

- To supply PGH's [artisan producer cooperative], private artisans, and tradespeople with material, spare parts, tools, equipment, and vehicles in such a way that they can fully perform their regular tasks of supplying the populace and producing consumer goods;
- To revise and formulate tax laws and price regulations for PGH's, private crafts and trade in such a way that they are clear and fully stimulate performance;
- To implement, fully and resolutely, promotion measures already decided on, in all regions;
- To expand the present limit set for employment in artisans' and trade enterprises;
- To work out new wage agreements for payment of those employed in private artisan businesses, and to adjust in general the wages of employees in the private retail trade, in private restaurants and other private trade enterprises to those paid to employees of the state-owned sector;
- To recognize the work of helping spouses according to performance;
- To pass a law on socialist cooperatives which treats all socialist cooperatives equally and further advances their cooperative-socialist character. On this basis, a new model statute for PGH's must be developed which will also newly regulate performance planning, pay, and formation, allocation, and use of funds as well as the term of elected office;
- To supply private retailers and restaurateurs equally and to shape contractual relations accordingly;
- To make allocation of apprentices and workers more purposeful in PGH's, private crafts, and trade;

- To strengthen a purposeful trade policy and to not restrict private trade activity anywhere, but to preserve the existing and to expand it according to need, and to settle artisan and trade enterprises in areas of new housing construction and reconstruction. The basis is to be long-term state concepts which are to be prepared and implemented with those concerned and the interested public;
- To better coordinate centrally the work of bezirk chambers of craftsmen and chambers of commerce and trade, and to increase their influence on central state decisions by creating advisory councils in the ministries concerned. Their election, as well as the election of chairmen of the chambers at the bezirk and kreis level, must be guaranteed;
- To create a central state authority for craftsmen and trade (state secretariat) as a place of coordination for basic and cross-cut questions. An advisory council for this state secretariat must also be established, which will include representatives of the advisory councils at the specialized ministries.

#### **The NDPD Demands: National and Democratic Renewal of Culture and Art**

1. We demand a national and democratic renewal of culture and art.

We support all efforts to make scientific curiosity, scientific insight, and scientific conflicts of opinion fruitful in all areas of life.

We champion the development and promotion of the entire wealth of humanistic artistic creation. We advocate that works of art created in this spirit appear without philosophical impairment and without administrative and bureaucratic restriction.

With regard to the process of artistic creation, we reject tutelage of any kind. We champion conservation and development of our entire cultural heritage.

We reject the sellout of cultural values, above all in the area of the antiques trade.

This now requires:

- The cultural sector must occupy the place it deserves in the concepts and work programs to be developed on all levels, in all areas for the renewal of our socialist society. This concerns, for example, the material securing of book production by the paper and polygraph industry, the production of modern sound equipment, and a clear perspective regarding the availability of video technology.
- Under the responsibility of the elected people's representations, cultural conferences in kreises and bezirks should regularly discuss the necessary measures which, in view of cultural needs and economic conditions, secure broad room for action and material-technical preconditions for artistic creativity.
- A way of working in state and society must urgently be brought about and secured which includes—actually, bindingly and democratically—the knowledge, know-how, and experience of artists and persons engaged in the cultural sector wherever their specific expertise is of great use, nay indispensable, for the quality of decisions to be made and implemented.
- The self-responsibility of the management of publishing companies, theaters, museums, and other cultural institutions must be fully secured and executed. It must finally be a thing of the past where value and effect of artistic performance were decided administratively from outside, because this placed great stress on the relationship of trust between artists, the state, and the public. Professional literary and art critique and public debates of opinions must become all the more productive in order to shape yardsticks of resonance and effectiveness of works of art in people's lives.
- The NDPD declares and practices its unrestricted willingness to have an open, trusting dialogue with its own and other interested artists, including the management of artists' associations. It is to be a talk about all questions of our time that concern us, our country and its culture, realistic and result-oriented. Insights gained from these talks on necessary practical changes in the respective sectors of state cultural policy we shall support as conceptual ideas of our party, with the greater emphasis of public opinion.
- The proposals for securing performance development in commercial art, including the handcrafting of musical instruments and also the exhibition trade, which the NDPD for some time has been submitting to state authorities as a result of such work, must finally lead to decisions which implement immediately that which can be solved now, and which evidence prospective ideas. Requisites of commercial art with regard to the supply of materials, tools and equipment, training and continued education, participation in exhibits at home and abroad, must be taken into account by central and bezirk management in the areas of culture and local supply economy.
- Institutions in the cultural area subordinate to state managements, such as kreis cabinets for cultural activity, bezirk administrations for concerts and guest performances, should regularly be accountable to the people's representations, their permanent commissions, and other interested citizens and should receive guidance for a basic substantive improvement of their work.
- At the end of 1990, a National Cultural Conference of the GDR should discuss a concept for our country's cultural development in the 1990's. It should be prepared and shaped as a cultural forum of the democratic renewal of our socialist society in a broad public discussion and through concrete proposals by the parties, organizations, and artists' associations, and by cultural, artistic, and scientific institutions.



2. The NDPD holds the premise that the socialist school is the school for all children of the people. Hence it must see itself as the school for children from all social classes and strata, from parental homes with different political and ideological ties, which also applies to the teachers. More than at present it must take into account that each one of today's pupils later must find and fulfill his place as socialist citizen within this social, political, and ideological differentiation of our people. In the unity of education and training, it must develop the capability of these adolescents to determine for themselves this place in the life of our society in accordance with [society's] goals, and to prove themselves in it.

This now requires:

- School must take care that curriculum and life are in accord at all times.

The steps taken by the political forces of our country to make socialist democracy into what it has to be, are to be experienced and understood by pupils in accordance with a new, independent role of the FDJ [Free German Youth] in the schools, which is to be helped along by teachers, but not patronized.

Any pedagogic influence should be led by the experience that a political viewpoint cannot simply be learned, but is all the firmer the more it was arrived at independently, in questions and answers, in the struggle for reasons and arguments. Our school must not train parrots and followers, but self-reliant, upright, active socialist personalities. This goal must not be countered by performance evaluation through grades.

For the sake of personality development one must reflect further on experiences and proposals by teachers how the basically proven socialist educational system can provide greater scope, especially for paying attention to the development of individual pupils, in particular through:

- Purposeful work to shape and test creative behavior and constructive reasoning;
- Recognizing and effectively furthering outstanding talents in special areas of science, the arts, technical handicrafts, and sports;
- Furthering even the performance-weakest pupils to the point of their reaching a graduation level meaningful for them and society, if necessary already after the 8th or 9th grade;
- Reintroduction of an expanded high school from 9th to 12th grade;
- New shaping of military training on a voluntary basis.

The necessary further development of the syllabus for civics courses and related teaching materials which no longer satisfy demands requires fundamental reflections. The NDPD will submit the proposals of its members regarding this matter.

The high demands placed on all teachers require strengthening their collectives in the schools, politically and with regard to cooperation. Criteria of a precise and just assessment of their performance achieved in the pedagogic process must be found, which lead to strict application of the performance principle regarding income level, promotions, and awards. Continued education for teachers must be shaped effectively for their pedagogic work and must be rid of formalisms and repetitions.

For the urgently needed strengthening of pedagogic coordination and cooperation between parents and school, the substance and forms of activity of elected parent representatives must be rethought, more effective solutions to be found.

3. The NDPD feels challenged to provide constructive cooperation in solving the far-reaching tasks of further developing and fully utilizing the performance capability of our health care system even under the existing great difficulties, to comprehensively implement health protection as a concern of all of society. We advocate that responsibility for sick and needy people grow in our society. They must feel their human dignity preserved unreservedly. We demand decisive preconditions to improve the situation of people in need of care through state measures.

This now requires:

- For the priority task of securing basic medical care, a particularly well thought out, effective use of existing personnel in the regions must be organized. The experiences presented at the National Health Conference on implementing the general practitioner principle in large cities and area of industrial concentration, also, should become everywhere the foundation of appropriate solutions; the establishment of physicians with their own practice must rapidly be brought to the greatest possible effectiveness here.
- Through regulations made possible right now, remuneration corresponding to actual and often additional performances must be secured for physicians, nurses and all personnel of the state health care system; an overall concept for decisive implementation of the performance principle in the health care system should be made effective as soon as possible.
- The potentials of socialist municipal politics must be better utilized in order to organize cooperation between communal and factory medical institutions as well as those of the university system, to utilize, secure, and possibly expand, the material-technical base of the health care system to the greatest degree of effectiveness.
- Through precise accounting, the availability of medical technology, pharmaceuticals and medical materials must be secured according to actual need.
- Winning citizens over to a healthful way of life, together with informative appeals, also requires binding measures in the area of the foodstuffs industry, trade, restaurants and communal food service, people's sports, hygiene, and environment under the control of local people's representations.

Creation of a social association for GDR physicians could also serve their democratic codetermination.

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The NDPD responsibly supports the measures of defense necessary for the protection and security of the GDR. We stand side by side with the soldiers of the National People's Army and the border troops of the GDR as well as the members of other armed organs who, honoring the constitution and fulfilling their mandate, execute their patriotic duty for the protection of peace and socialism. The NDPD considers the further shaping and improvement of working and living conditions of the members of the Armed Forces a necessary requisite to guarantee defense readiness and to further military morale. Simultaneously, in implementation of the freedom of conscience and belief guaranteed in Article 20 of the constitution, the party champions the establishment of a social service in which those citizens carry out their duty who, for reasons of conscience and belief, cannot join the Armed Forces in basic military service or as reservists. The length of this social service and its conditions should correspond to the demands of military service.

The NDPD demands that the observance of national traditions by GDR Armed Forces, the other armed organs as well as in the association for sports and technology and GDR civil defense, reflect much more strongly the entire breadth of democratic traditions of the German people, [so it can] be experienced by the citizen. This includes in particular traditions of the anti-Fascist resistance—especially also outside the workers' movement—as well as the broad alliance in the building and shaping of our German Democratic Republic.

#### **Measures for Renewal of the Party and for Deepening Party-Internal Democracy**

A thorough understanding of the profile, leadership and management style of the NDPD is needed in the new societal awakening of our country. The basis for it is a critical and self-critical analysis of the party, to be submitted to the main commission, and the conclusions to be drawn from it. Renewal of the party itself is a condition and also a component for the execution of responsibility in the fundamental renewal of socialism in the GDR.

1. The ideological position of the party must be further developed. A party program is to be prepared, the bylaws must be newly formulated.

It concerns a new quality of the political-ideological activity of the party; it is challenged to cooperate in developing a new concept of socialism in the GDR. The latest results of social science work must be assessed for that and enriched by our own insights. The new societal concept of the GDR to be developed must also carry the handwriting of the NDPD.

2. The goal and substance, style and forms of the party's agitation and propaganda work must be reshaped so that they are always close to life and correspond to the needs of members as rightful citizens in modern socialism. Only in this way can party viewpoints and attitudes be developed today and in the future. The party must inform its membership comprehensively and topically. Preaching must be replaced by trusting dialogue.

3. The renewal of the party demands measures aimed at deepening party-internal democracy; creation of a new leadership and management style; greater efficiency of party work, particularly at the grassroots; full and unrestricted decision and management control by all elected bodies; and the creation of new forms of working with the members. Creation of a central audit commission is needed. The term of office of elected members of the leadership and management must be restricted. Internal party life must be generally democratized. This includes decisions on the future shape of party life in membership assemblies and study groups, further training for the membership as well as expanding and increasing the management responsibility of the party boards and secretariats. The academic year 1989/90 must be rethought, training materials and curricula must be revised.

4. The party's societal coresponsibility must manifest itself much more strongly than to date via our party members in local people's representations. In the boards and membership assemblies, the performance of party deputies must be discussed and evaluated.

The pro tem working groups established by the presidium are to be made a permanent part of the main commission, in the fields of socialist constitutionality, democracy, economic policy, science and technology, health and social policy, socialist performance principle, municipal policy, repairs and services, cultural policy, educational policy, and environment.

In bezirk and kreis boards, also, working groups of experts are to be formed which will qualify the performance of our party's societal coresponsibility and will provide advice to our party's elected deputies.

5. The NDPD further advances the changes occurring in the media, in particular in our own party press—the NATIONAL ZEITUNG, the five regional newspapers, and the magazine DER NATIONALE DEMOKRAT. The NDPD newspapers are for all party members and sympathizing citizens a forum of debate of opinions, manifestation of action, and public presentation of the party's viewpoint—of the main commission and its presidium, the bezirk and kreis boards and the basic units—to solve topical issues in state and society.

The secretariat of the main commission is examining conditions to enable the bezirk associations of Cottbus and Frankfurt/Oder to present their activity in the party press.

6. Personnel policy conditions must be created in order to correspond to the expected greater need of activity of

party members in managerial functions in the state and economy, in the fields of science, culture, education, the courts, and in professional organizations of artisans and trade. The selection is based on the principle of political and professional aptitude.

7. The main commission decides on calling a party conference in the first half of 1990.

The 14th Party Congress is to be moved up by one year to April 1991.

\* \* \*

The presidium of the main commission is submitting the above draft of principles and goals as a working document for our party's contribution to societal restructuring in the GDR. The main commission will confer on it at its meeting called for 7 November. With our party we want to help reestablish respect for principles such as democracy, freedom and togetherness in our country, and we want to begin with it within our party—honestly, openly, truthfully and constructively. In advancing, let us overcome obstacles, defects, and also misunderstandings amongst ourselves. Let us regain faith in one another and in the strength of our party. Our republic needs our party. Whoever wants to join us will find a place in our ranks. Open to all and open-minded toward everything that serves the interests of our people—that is our party.

With the National Democratic Party of Germany—  
Onward for the People and the Fatherland!

## HUNGARY

### Television Scandals: Previous Management Background Discussed

25000545 Budapest NEPSZABADSAG in Hungarian  
21 Nov 89 pp 1, 9

[Interview with Richard Nagy, former president of Hungarian Television and deputy chairman of the Budapest City Council, by Gyula Varsanyi: "Television Large Estate"; date and place not given]

[Text] A storm is ripping through Hungarian Television. Not a single day has passed without a passionate statement or accusation, in which leading officials have implicated each other. Television is exploding into its elements in a spectacular fashion. Corruption is slithering up from the deep. Considering today's social and political situation, perhaps this should not come as great a surprise, although insiders claim that the situation has never been different, except that it did not receive this much publicity. We felt that it would be of interest to learn about the recent past of the television from the person who thus far has spent the longest period of time as president of Hungarian Television. Richard Nagy, at present deputy chairman of the Budapest City Council, agreed to converse with us.

[NEPSZABADSAG] To what extent did your appointment represent the beginning of a "new era?"

[Nagy] I served as president between 1974 and the end of 1983. It was then that the television became an independent institution; until that point it was organizationally combined with the radio. The separation also brought about independent financial management. I could say that during my tenure we achieved a situation in which we were profitable, except for 2 years perhaps. No one recalls those days today.

[NEPSZABADSAG] Perhaps the profitable status could not be recognized that much by viewing television. Where did the profits come from?

[Nagy] We really ran up our advertising sales and program exchange. In other words, we expanded our sales throughout the world. I introduced stringent overhead management. In addition, the first step I took was to create order in salaries. People worked happier, they performed better. All told, I am talking about between 200 million and 400 million forints of annual profits which we contributed to the budget.

[NEPSZABADSAG] In other words, in those days Hungarian Television did not cost a penny to the state.

[Nagy] Foreign exchange was all we received from the state, \$3 million each year, even though we also had foreign exchange revenues, but not that much. This money was spent on purchasing new equipment from the West and it paid for foreign travel. In those days a color relay van cost about \$1.5 million.

[NEPSZABADSAG] As years passed, your press statements increasingly turned into calls for help. But you state that the firm was profitable.

[Nagy] Hungarian Television would have been capable of gradual development, had it not been for the fact that all profits had to be paid into the budget. I advanced the following proposal to the Ministry of Finance: In any given year, 25 percent of the profits should be retained by us, to cover developmental costs. They told me that this was impossible, because the state needed that money and that we should tighten our belts. Unfortunately, Istvan Tompe, chairman of the Radio and Television Committee always sided with the government.

### 'It Is an Insane Asylum'

[NEPSZABADSAG] According to one of the countless legends that circulates inside Hungarian Television, at one of the meetings at which leading politicians were also present, Tompe pushed you aside, and in a grandiose fashion surrendered the planned new Television headquarters building.

[Nagy] Indeed. Tompe said that the former Stock Exchange Palace is truly adequate for our purposes. By then construction, to take advantage of all space in the corridors and on the roof had been completed. You would not be able to show me a hole in that building

which was not utilized. This, however, was not a solution, because we needed more studios. In vain did I say that the new headquarters were not meant to serve as added office space, my remarks were dismissed. It was then that I began looking around outside for nearby buildings we could purchase.

[NEPSZABADSAG] We are aware of the subsequent consequences of this constrained process: The studio building on Bojtar street built without financial coverage today represents a depressing debt to Hungarian Television. Returning to the previous subject, how much money was left for keeping up to date with television technological development?

[Nagy] There was money left. The problem was created by the fact that by the late 1970's television technological development had accelerated at an incredible pace. The experimental period of the SKY-program had dawned. I submitted a proposal to the government to spend 50 million forints of our profits to join Euro-SKY. Our membership in that system would have meant that we would receive technical equipment free of charge, and we would have acquired rights, in proportion to the payment we made, to use satellite broadcasts for a certain number of hours, and we could have joined such programs with our own broadcasts. By then, prevailing television technology became obsolete within 2 or 3 years, faster than military technology. I sensed that unless we joined the European integration we would shrink on the vine. The answer I got was that joining the European integration is in the distant future, let's let it go for the time being. This took place in 1980.

[NEPSZABADSAG] Who gave you that response?

[Nagy] Gyorgy Aczel.

[NEPSZABADSAG] One hears rumors that the political leadership felt more strongly about the television not being so important, and that it was not a key issue. Janos Kadar is the primary person said to have felt this way.

[Nagy] Prior to my appointment I asked why I, an economist, should be appointed to Hungarian Television. Kadar responded by saying that a man with good nerves was needed at the Television, because the Television was an insane asylum, decisions must be made quickly and firmly, but with circumspection. A person well versed in financial matters, and capable of accepting the events of the world, was needed, in addition to the above. He talked to me for an hour about the Television. I asked him whether he was watching television. He said he was not. Then I asked whether he recognized any merit in developing Hungarian Television, despite the fact the he was not watching it. Quite naturally, he said. He explained to me that his private interests were one thing, and the significance of television was another matter. The two should not be confused. He told me that he learned about what went on on television primarily

from his wife and from others. Based on that he enthusiastically described what he felt was important. But then, as years passed, I got the feeling that he had let this idea pass by.

[NEPSZABADSAG] One hears conflicting evaluations of your functioning as president. In general, it is recognized that during the 1970's you proved to be a good organizer. Nevertheless, your "entre" did not turn out well. They say that in 1974 you arrived under the sign of creating a left-wing order, and that you proclaimed all over that you wanted to create a "workers' television."

[Nagy] In the eyes of Hungarian Television I was the party's Budapest economic policy secretary, the secretary of the economic policy committee headed by Rezso Nyers. Each of us on that committee were assigned to various places. You are correct, if this is what you understand under "creating left-wing order." Indeed, I believed that once nationwide television broadcasts become possible, and once the viewer ratio is rather high, we would have to follow a programming policy different from what we had before, because a relatively small number of people watched television in those days. In my view the earlier period was characterized by intellectual overtones, and I felt that later on we would have to contribute more to rest and to relaxation. I underscored the need for a relaxed attitude on the part of Hungarian Television. This is what I meant when I used the adjective "worker." Fortunately, some teams were formed—such as in regard to foreign affairs programs—which were able to create interesting, colorful presentations of difficult subjects. We were struggling with regard to domestic politics, on the other hand.

Recalls took place all the time. Kronika, a series concerning the World War II devastation of the Hungarian Army in the Don River bend is regarded as the classic case of rescission. Its broadcast would have offended neighboring countries in which Hungarians represented an occupation force in those days. Protests arrived one after another. And here at home I got the cold as well as the hot treatment: How could we broadcast such a thing, what am I doing, and so on. I was about to halt the series when Ovari dropped in. He watched the program, then approved it. He gave me a go ahead. His decision was confirmed by the party secretariat. I went on, but I left out a few sentences to blunt the outrage abroad. And then, suddenly the jury awarded the first prize to the film variation of that program called "Volley." The jury included the same people who criticized me before for Kronika. I raised this issue at the Central Committee [CC] meeting, claiming that the CC secretary was saying something different from what the division head was saying, and the ministry was conveying yet another sense. I told them that I would be unable to go on like this. There was dead silence.

#### The Quarrel Began

[NEPSZABADSAG] It is generally felt that you were let go because of the movie "Sara."

[Nagy] This was never stated in this fashion. They told me that I had spent 10 years at Hungarian Television, they would like to see new leadership, one that would take a different approach to matters and would be able to fight for better conditions. I pondered, and thought that I would be curious to see that, because I explored every possible way in which to make money. But I agreed, okay, I'll go.

[NEPSZABADSAG] Presumably, the atmosphere was already very bad in the early 1980's. Lack of confidence within the Television was prevalent, complaints about others followed one after another. Some attributed this to the fact that the then head of the international division had acquired great influence. This person happened to be Janos Berecz' wife.

[Nagy] She performed perfectly in organizing international relations. But after a while she began to interfere with programming, why this and why that, and she did not tell me about this, but she argued with Szinetar and with the directors instead. I told her that as a private person she could have her own opinions, but she should not interfere with things outside her jurisdiction.

[NEPSZABADSAG] And the complaints?

[Nagy] Producers began quarreling about money as our financial situation deteriorated, and expenses increased. This was the source of protests and "complaints."

[NEPSZABADSAG] Were these complaints tainted with politics?

[Nagy] No. Perhaps, on occasion a "populist line" clashed with certain rigid, left-wing perceptions, for example with regard to nationalities issues—should we probe these matters at all? There were political trends, but these were not pronounced. They appeared in relation to program concepts, but they barely gained expression in the programs themselves.

[NEPSZABADSAG] Aside from being divided and struggles related to certain interests, it appears that some other phenomena are reappearing. They say that as soon as you joined the television, you instantly filed a complaint against the then financial manager.

### Petty Fraud

[Nagy] I did not file a complaint against him, I asked the Ministry of Finance to conduct a general overview audit instead, so that I could take over this institution aware of the actual situation. Incidentally, they were messing around for a year saying that they did not have time for that, and a year later they made various recommendations. But there were no substantive objections.

[NEPSZABADSAG] What could you say about corruption?

[Nagy] There was some, but it was on a small scale. To the extent of petty fraud and rule violations.

[NEPSZABADSAG] But legend has it that a number of payments were made that were appropriate on paper, but which nevertheless were highly questionable from a moral standpoint. To mention just one example: Allegedly, in response to outside pressure, they made plans to develop a 12 part presentation of the novel "Rust Cemetery." Plans changed, nevertheless the author received close to a million forints. To this date, not a single frame of this work has been shot.

[Nagy] I do not know whether someone was "nursing" Endre Fejes, but in my view only he, and no one else wanted to develop this work for television.

[NEPSZABADSAG] I understand that Janos Gaspar would have been the director. He is the son of the then trade union head and a member of the Politburo.

[Nagy] His name also surfaced. But we responded by saying that he was still a beginner, we should not request his services for a job this size. Fejes was very much intent on having him. Incidentally, I did not interfere with the artistic part. Because I am "materialistic," I told them that costs would have to be cut, by reducing the number of parts in that presentation. I talked to Fejes twice, but I gave up in the end. Short of money, this job was not accomplished in the end. Not even a subsequent, abbreviated version.

[NEPSZABADSAG] Did you pay the honorarium I mentioned before?

[Nagy] In general, we paid in advance for screenplays. I do not recall the exact amount. The payment was made by the division that deals with dramatic productions.

[NEPSZABADSAG] Were you given personal advice?

[Nagy] I received such advice on occasion. The problem was that my associates, such as the editors in chief, received different advice from different persons. This kind of thing always creates problems. One cannot run an institution of this size on the basis of such advice.

[NEPSZABADSAG] Figuratively speaking: Was the Television a feudal empire which at the same time had several masters as well as several vassals?

[Nagy] I find this to be an illustrative analogy.

[NEPSZABADSAG] How could this be managed otherwise?

[Nagy] Television needs a nonpartisan board. On the other hand, firm—tough, if you will—central leadership is indispensable. The processes must be joined together without interfering with the workings of individual workshops. This requires a person known and accepted by his associates. And yet another condition must exist: full independence, independent financial management. Under such circumstances Hungarian Television may indeed become a state entrepreneurial institution.

## POLAND

### POLITYKA Weekly News Roundup

90EP0140A Warsaw POLITYKA in Polish  
No 44, 4 Nov 89 p 2

[Excerpts]

#### National News

In Warsaw, the Committee of Foreign Ministers of the Warsaw Pact Member Countries met. The final communique said, among other things: "Unconditional respect for the inviolability of existing boundaries, territorial integrity, the independence and sovereignty of states, observance of the generally recognized principles and standards of international law, respect for the CSCE Final Act, and other documents adopted within the Helsinki process are of fundamental importance for the construction of a "joint European home given the social variety and variation in constitutional orders. All attempts to destabilize the situation, to question the postwar boundaries, and to renew discussion on the issues damage the process of building trust and security in Europe." [passage omitted]

Tadeusz Fiszbach, who chairs the program working group of the commission preparing the PZPR congress in an interview with TRYBUNA LUDU: "The several dozen variant programs prepared clearly show the need to close the operation of the PZPR and to form a new democratic socialist party. There is no dispute within the working group about the need to resign from several of the currently binding canons such as the dictatorship of the proletariat, democratic centralism, and even from the mandate given by the historical mission, but not from democratic elections. Resignation from state domination of the means of production is another obvious one."

The government withdrew the proposed emission of 50 million food coupons for those with the lowest incomes (Senator Roman Duda called them "public nominations of paupers"). Reportedly, the idea drew a protest from the National Bank of Poland.

Members of the SD called for a referendum on retaining the current name of the party.

The price of paper has increased by an average of 150-170 percent. Marian Bajkorek, director of the State Agricultural and Forestry Publishers, asked about the increases said that several journals are being liquidated in spite of the fact that the farmers need them. During deliberations the Warsaw board of the Association of Journalists of the People's Republic of Poland was informed of the liquidation or thorough reorganization of about 200 editorial offices. The recent price increases for paper and somewhat earlier for printing do not make the situation any easier for the press.

Minister Jacek Ambroziak presented the government position on attempts to enter and occupy several buildings by activists of the Confederation for an Independent

Poland [KPN]. It issued orders to the voivods to "behave in a determined manner: to remove the intruders who have entered their buildings and rooms illegally" in similar cases. The minister appealed to the concerned institutions to seek damages in civil suits against the organizers of the disturbances: "we cannot allow certain groups of individuals who break the law for unclear reasons to gain any benefit."

The price of Bizon grain combines produced in Plock has increased; they cost 27 million zloty (without a cabin); the previous price was 18 million zloty.

Warsaw needs about 10,000 m<sup>2</sup> of office space to meet the needs of new parties and associations. The following have moved in or are moving into new offices: the Warsaw Citizens' Parliamentary Club, the district parliamentary clubs for Mokotow and Northern Prague, the National Council of the NSZZ Solidarity for Individual Farmers, the Mazowsze Region, and new editorial offices. The Confederation for an Independent Poland (which has occupied the offices of the Central-City PZPR District Committee), the Polish Socialist Party, the Union for a Realistic Politics, the Labor Party, the Democratic Center, the Political Club 88, the Polish Peasant Party, etc., are demanding offices. [passage omitted]

The lowest wage level in socialized plants is 38,000 zloty (for a full month of work fulltime). [passage omitted]

The PZPR Deputies Club presented its position on sociopolitical issues in an open letter and in a political and program declaration. The letter says, among other things: "The PZPR has exhausted its time. It has come to the threshold of political breakdown. We will leave the evaluation of this situation to the delegates to the 11th congress, party historians, and intellectuals. For us, the future is the most important thing. It has become essential to form a new party equal to the genuine needs and aspirations of the working people. That is what we expect from the delegates to the 11th PZPR congress, which should become the First Congress of a new party."

Lech Walesa has expressed scepticism about slogans calling for speeding up the elections to the local self-governments. "If we throw ourselves into elections today," he said at a demonstration in Gdansk, "again we will not know what we are voting for." First we need programs in order to have something to choose among. On 4 June we voted not for a program, but only for me. That is not enough. I today support Mazowiecki because he is ours and not because he has the best program. But I want to vote for a program and not a person."

A Catholic television program has been set up. It will be broadcast on Thursdays in the afternoons. Also beginning on 31 [as published] November 1989, every Tuesday, television viewers will be able to participate in evening prayers transmitted initially from Jasna Gora and later from other sanctuaries. In turn, the Saturday morning editions of the program will be for children. [passage omitted]

**Who's Who News.** Boguslaw Kedzia (age 54), professor and a former rector at the Wroclaw Polytechnic, most recently head of the science and education section of the PZPR Central Committee has been elected the new first secretary of the Wroclaw PZPR Voivodship Committee. The previous first secretary of the Voivodship Committee, Zdzislaw Balicki, was elected a secretary of the Central Committee at its last plenum. The Katowice city council members elected Krystyna Nesteruk (previously deputy president for trade, a PZPR member) president of Katowice. A competition, for which 10 individuals qualified, preceded the elections. [passage omitted]

### On the Left

[Passage omitted] At a press conference, Gen Yuriy Shatalin, the chief commander of the forces of the ministry of internal affairs, said that the units under him "will never be used against strikers." The comment was associated with an illegal—according to the recently adopted law—warning strike at the mines in the Ukraine. He announced that in 1988 about 300 individuals died and about 5,600 were injured in ethnic conflicts in the various republics. The larger units of the special forces of the ministry of internal affairs are now in Armenia (1,800 individuals), in Nagorno-Karabakh (5,500), in Azerbaijan (3,600), in Georgia and in Uzbekistan (3,300). The general emphasized that in spite of various political and organizational moves by the authorities, the blockage of Nagorno-Karabakh has not been ended. He reported that in the next two years, in conjunction with the increasing ethnic conflicts, he anticipates increasing the size of the internal forces to 26,000.

"We demand the quickest possible permission for legal publication of LIDOVE NOVINY and immediate release from arrest of the editors of the journal: Jiri Rumel and Rudolf Zeman," says an open letter sent to the premier of Czechoslovakia, signed by more than 100 Czechoslovak journalists working in the party media (other than RUDE PRAVO). This is the first case of such a large group of journalists openly supporting their colleagues in years.

In Moscow, the first informal union organization of soldiers and officers of the Soviet Army has been formed. It has set itself the goal of democratizing the army and fighting against "corruption and nepotism in the military." In its program, it demands, among other things, that the Soviet army "never again be used against its own people nor against other countries." The formation of an independent military organization encountered strong opposition from the high command of the army; it, however, gained the support of the Komsomol and the deputies from the Inter-regional Group, many of who were present at the founding meeting.

Mikhail Gorbachev, during his visit to Finland: "I want to salute your neutral country which has distinguished itself with its initiatives and policy of friendship that have served peace for many years." The press agencies

emphasize that it is the fullest and most unambiguous recognition of Finland's neutral status ever formulated by a Soviet leader. The press agencies also draw attention to the fragment of his talks with Mauno Koivisto, in which Gorbachev assured him that the Soviet Union "has no moral nor political right to intervene in the democratic processes in the countries of Eastern Europe."

At the Peter Beron movie theater in Sofia, more than a thousand individuals participated in the first public opposition meeting in the postwar history of Bulgaria. The Ekoglasnost Independent Ecological Movement organized it. [passage omitted]

Comments by the journalist Leon Karpinski in a discussion in MOSKOVSKIYE NOVOSTI: "On the growing wave of conservatism, the Stalinist ideology is again making its presence known; this time in a populist version. Obviously, everything is done under the slogan of defending socialism and in the name of communist ideals, but that socialism is saturated to the limits of possibility with Stalinist dogmas. The only change is that this is Stalinism without Stalin. Socialist in words, Stalinist in thought. The support for the 'conservatives' lies in the difficulties which the country is experiencing: the collapse of the current economic and social links, the hunger for goods, inflation, the lack of market stability, and also the lack of decisive actions by the authorities. When the future is unknown and no real changes are visible, the conservative forces gain a mass public."

The chairman of the strike committee in the coal mine in Donetsk, Aleksander Boldyrev, blamed one of the members of the mine management for the death of Aleksandr Sotnikov. Sotnikov, an activist of the strike movement, was murdered on 18 September 1989. Previously, he had received many letters with threats. Sotnikov revealed the facts about the use of miners for the construction of private homes and renovation of apartments for the mine managers. The miners sent an appeal to M. Gorbachev: "Those in opposition to perestroika in the Donetsk Basin killed Sotnikov." They demanded the formation of a parliamentary commission.

### Opinions

*Aleksander Bentkowski, minister of justice:*

(Interviewed by Lukasz Wyrzykowski, DZIENNIK ZACHODNI 6 October 1989)

[Answer] Collegiums in their current form are one big misunderstanding. I have thought so for a long time; as a defense lawyer, for years I have not gone to them because I felt there was no reason to make a joke out of myself. Since work on the operations of the collegiums for misdemeanors has lasted too long in the commission under the Ministry of Internal Affairs, I decided to form a commission in the Ministry of Justice that will codify them, and I think that within a month I will be able to provide changes in the misdemeanor process that will allow sentences to be contested and for many issues to be



moved to the courts. As regards the liquidation of the collegiums, I think that would be unfortunate since there are misdemeanors with which it would be hard for judges to deal. [passage omitted]

The opinions and views cited in this section do not always agree with those of the editors.

### **Party Hodgepodge; Tracking Stances of PZPR Movements**

*90EP0153A Warsaw PRAWO I ZYCIE in Polish  
No 46, 18 Nov 89 p 5*

[Article by Joanna Konieczna: "Crowding on the Left Wing: A Catalogue of the Movements, Orientations, and Platforms of the PZPR (Polish United Workers Party)"]

[Text] On hearing about certain orientations within the party one involuntarily thinks of a vendor who, to encourage people to buy apples, says that they are not sour but immediately adds that they are not sweet either. Will he find a willing buyer, considering that the merchandise does not sound attractive?

Differences in view have existed within the PZPR for years but were neutralized by the rhetoric of unity. In the high fever of the early 1980's they came to the fore in the form of horizontal structures [intraparty democracy] and a broad spectrum ranging from "concrete" [hardliners] to radical reformers. Subsequently their "wings were clipped" and for several years they were deprived of a voice. Beneath the appearances of unity the differences deepened.

The present movements, orientations or, as they are nowadays somewhat stiltedly termed, platforms, arose out of discontent with the situation within the party which caused in many members, especially following the outcome of last June's elections, feelings of frustration and bitter defeat. Program explorations, conducted behind the statutory structures of the party, again tended toward horizontal connections [intraparty democracy], though this time the party leadership is not issuing warnings against them as a danger.

The first, chronologically considered, movement to appear was that of the first secretaries of PZPR committees at the higher educational institutions of Krakow. It originated, surprising as it may seem, at colleges of engineering. It was necessitated, its initiators say, because the PZPR was drifting in the direction of political nonexistence. This initiative halted the surrenders of party cards at institutions of higher education, and it caused intellectual perplexity to some people.

A month later there arose at Warsaw University the movement of 8 July, and subsequently a position on this issue was also taken by the discussion taskforce under the Elblag City PZPR Committee, the Sieradz City PZPR Committee, the Polish Socialist Movement (PRS) at the Jawnoszcz Debating Club in Lodz, the Party of the Socialist Left (PLS) in Krakow, the Front of Working People (FLP)

in Warsaw, the Polish Union of the Socialist Left (PULS) at the Polish Academy of Sciences, the Lodz-Baluty Borough Committee (DKZ), the Movement of Working People (RLP), the Progress and Democracy grouping, the Vacat Political Club in Wroclaw, and the Movement of the Young Left (RML). A position was also taken by Military Unit 2414 and many others. Many individually authored, as it were, proposals also were presented. Over 3 months the party Central Committee received more than 100 papers containing analyses of the situation, proposals for program planks, and recommendations. Ever since the pre-congress campaign began the number of these suggestions has been growing.

The will for change is universal, and the discrete groupings differ only in their orientation and scope. Everyone agrees that the party should open its congress as a united organization. But as for the question of what next, the answers vary.

The possibility of dissolving the PZPR and forming a new party in its stead has the greatest number of supporters. (the 8 July Movement, the stance of secretaries of PZPR university committees, Jawnoszcz, the PLS). According to the Elblag City PZPR Committee, "The PZPR contributed to major accomplishments... but its final balance sheet is negative."

The PULS at the Polish Academy of Sciences desires to form a union of leftist forces on the premise that none of the orientations existing within the party has a monopoly on infallibility or assures absolute usefulness.

The fewest supporters can be found (solely) for changing the program, statute, and principles of the PZPR and regarding that party as the sole representative of working people (Military Unit 2414). A guarantee against the repetition of past mistakes and return of monopoly on power to a reformed PZPR is to be the primacy of representative bodies over the party apparatus and the annual repetition of a vote of confidence in the party leadership.

But supporters of the belief in the necessity of departure of the PZPR from the political scene and formation of a new organization of forces of the Left are the most numerous.

Is the coming new party to be an inheritor of the traditions so far (Sieradz) or will it view distancing itself from them as the opportunity [for its survival] (8 July, Vacat, Jawnoszcz)? Certain movements, including the PULS, opt in favor of a continuation of classic Marxism. Others favor democratic socialism. In certain programs Marxism is viewed solely as a verified instrument for intellectual cognition. It has ceased to have a monopoly on ideology, and the coming new party is to open itself to socialist and social-democratic thought as well as to ecological movements and social orientations of religion.

"Marxism should not be," we read in the declaration of the 8 July Movement, "the ideological foundation of the new party viewed as a party of program and not of ideology."



All these movements and groupings unequivocally condemn the mistakes of Stalinism, which they sometimes identify with Leninism. Separating one from the other is unusually difficult. The coming new party should not, therefore, have that Leninist character which is the basis of the existence of a nonautonomous and etatist society.

Nearly all the documents refer to the traditional values of the Left (socialism?), such as equality, freedom, democracy, humanism. Some of the programs mention tolerance (Lodz-Baluty, Elblag: "Personal views are the private affair of every citizen") or praise the dignity of labor (FLP). The roads of access to this ensemble of values run from two directions: on the one hand it is to be the application of the Marxist method and on the other, interest in the social teachings of the Catholic Church.

Nearly all the movements and groupings condemn treating the society as a mass and reject collective thinking. Instead, they often refer to the individual, to his need for happiness and individuality.

This is linked to the attitude toward property ownership. In this respect, two orientations, which essentially represent two different visions of socialism, are arising. The first places priority on the distribution of the GNP in accordance with the principle of social justice and considers modes of property to be of secondary importance. The second focuses on production, and hence also on modes of ownership. The proponents of both views affirm a need for pluralism and equality of treatment of the types and forms of property and express their support for a market economy such as would produce the expected results as soon as possible. Then the state's role is more that of a mentor than that of an administrator.

Concepts of privatization are encountering resistance that is the stronger the closer it is to the radical Left. Excessive opening to foreign capital is viewed as a threat to Polish sovereignty. The RML movement declares, "We shall become a source of raw materials and cheap manpower." In contrast, radically reformist orientations stress the need for a broad opening to and cooperation with both the East and the West.

The 8 July movement (which dominates certain factions within the party) considers necessary a critical reappraisal of the achievements of the party and the inclusion of PPS [former Polish Socialist Party] and PSL [former Polish Peasant Party] traditions as well as of the social-democratic thought of the West in the ideological basis while at the same time making an allowance for the positive accomplishments of the social teachings of the Catholic Church. In contrast, the documents of the RML and Sieradz movements emphasize the traditions and experience of the international and Polish worker movement [ruch].

But sooner or later the past will be questioned and the dilemma of whether to continue the traditions or break with them will arise in full force, which may lead to discord among the discrete orientations.

At this preliminary stage there exists common consensus on how to define the future political system, namely: political pluralism, parliamentary democracy, and self-rule.

These concepts have previously, according to A. Antoszewski, a political scientist studying the recommendations and programs received by the party Central Committee, "characterized the societies of the West. Will we be able to develop our indigenous Polish approaches?"

Nearly all the programs (except the declaration of the PULS movement, which does not mention this subject) favor transforming Poland into a country with parliamentary democracy and abandoning the principle of democratic centralism, which is identified with Stalinism and under which blind obedience had the upper hand over autonomy; they also favor abandoning the principle of the dictatorship of the proletariat, which as a consequence means abandoning the idea of the leading or guiding role of the party. The programs no longer contain dogmas given from on high and instead they contain more humane perceptions. According to the author of one individual program, B. Morawski, "Socialism is a way of life and not a doctrinal goal. In itself it is of no value. Its usefulness and attractiveness have to be constantly tried and tested in practice."

The prevailing opinion is in favor of abandoning the traditional slogan, "The working people of town and country." The Polish people, to put it simply, or the Polish nation, is a more capacious category that lacks class restrictions. Thus a nonantagonistic society of citizens with equal rights is to arise. However, the class struggle as the basis for political action is supported by the RML and Progress and Democracy movements. The latter appeals for defending class interests and warns against the hydra of privatization.

Others claim that the party's base should consist of innovatively oriented working people, including the intelligentsia, toward which (according to B. Morawski) the party has still unfulfilled obligations.

The RML movement sees no need either for respecting within the coming new party the rights of other orientations meeting less social support. Thus when the time for the "division of the spoils," so to speak, comes, the supported majority may take all. In its turn the 8 July movement claims that the minority cannot simply subordinate itself to the will of the majority but must have a statutory right to exist within the party. This "proportionality" is also to apply to the distribution of elected offices among all the platforms, whose programs may compete with each other, that participate in elections. Democratic elections will result in the emergence of new leaders of the leftist orientation.

The common consensus is that the new party will be a modern party containing elements of both the worker movement [ruch] and a political party competing for

power by way of elections, and, according to the 8 July movement, it should be a party without a surfeit of ideology.

"Roughly speaking, the existing orientations may be divided into those close to social-democratic solutions and those based on communist traditions, although such a dichotomic division may be oversimplified. The related differences should bear fruit in the form of a positive synthesis," claims A. Antoszewski, "meaning a synthesis that would be accepted by all, because in its overall shape it would be better than each of the starting propositions."

However, the striving toward such a synthesis elicits doubts. Of a certainty, a schism within the Left would weaken it and cause its departure from the main political scene or in the best case reduce its role to a minor one. The ideal would be, of course, a united party with independently acting factions. But is that possible considering the large number of the differing orientations? And since we use the term faction, this raises the question of whether these factions menace the unity of the Left. Or perhaps they are salvaging it and will continue to save the coming new party from a schism? To be sure, the Jawnosć movement notes that alternative political platforms or different variants are not tantamount to factional struggle, but is not this a play on words?

I have tried to present only a bare outline of what may be termed a mosaic of views and proposals within the Polish Left. As can be seen, it is beginning to be crowded. Is the scatter of these orientations too broad? It is too broad for them to be unable to reach mutual consensus (there exists a virtually unbridgeable chasm between some of the stances), but at the same time it may be narrow enough to dispense with any clipping of wings.

That is so because the directions are getting somehow blurred and the political structures do not reflect an explicit division into right and left wings. The radical Left and the radical reformist orientation both employ the same adjective. It used to be that the PZPR had a monopoly on leftism while the aparat acting on its behalf was viewed as a conservative force. Now such pigeonholing would be difficult and entail footnotes, caveats, objections. In this connection, criteria of age as well as material and intellectual criteria have proved to be a failure.

Here and there it is being declared that if the social-democratic orientation prevails then those others [the hardliners] will found their own party, a party which will have no room for those who are conventionally called reformers.

The political-party alignment is in a transition stage at present. Thus the predicted divisions may prove to be temporary. Further changes in constellations are therefore to be expected. It is to be hoped that these changes will not be limited to changes in the language of propaganda and in the distinctive rhetoric, however new its

style may be. For otherwise the reception they will meet will be the same as that encountered by the apple vendor mentioned at the beginning of this article.

#### Cartoon Caption

We must save what is most valuable in the party: the aparat. (D. Liwanowski)

#### Anarchist Group Activist Gives Organization's Agenda

90EP0102A Warsaw KONFRONTACJE in Polish  
No 9 Sep 89 p 23

[Interview with Jan Waluszko, anarchist, activist in Movement for an Alternative Society, by Mariusz Szczygiel: "We'll Take for Ourselves"; date and place not given]

[Text] [KONFRONTACJE] What does the Movement for an Alternative Society want to wean people away from?

[Waluszko] From totalitarianism. We want to bring things to the point where the country comes to terms with the fact that a significant portion of its people holds it in... "profound respect." The country has to come to terms with the fact that it is one of many forms of organization for social life, and not the only one. We would like to build a society alongside the country, and even in spite of it.

[KONFRONTACJE] And, of course, later on you yourselves would like to take power....

[Waluszko] Never! Our goal is not power, but the destruction of all power. We are aiming at liberty unhampered by anything, at a stateless system based only on self-governing entities. Really, any authority tends to subordinate people to itself, and sooner or later holding power demoralizes those who govern.

[KONFRONTACJE] It is said that you measure the loftiness of human development by... friendship. Are you proposing forming friendships instead of the state?

[Waluszko] That "instead of the state" suggests that policemen will hand out flowers on the streets... We simply propose, instead of coercive solutions from above, mutual, direct, and voluntary relationships.

In a word, we would like to form the Republic of Friends. That's our kind of anarchy.

[KONFRONTACJE] Edward Abramowski was trying to persuade people to form a "universal conspiracy against the state," and wanted everybody to become friends. Has the "theoretician of cooperatives" become your idol?

[Waluszko] Abramowski is a thinker who is very close to me despite the fact that he was not an orthodox anarchist. We agree that the basis for evaluating a given culture and social system is whether it fosters the development of friendship among people or not.

That's important, because the system doesn't consist of paragraphs, but of the people who create it. Our authorities did not understand that, and that's why Poland is in decline. But the condition for the success of a social revolution is a moral revolution, hence the liberation of people's natural tendencies for collaboration, cooperation, bonding, friendship... A person could be in harmony with others, but political, economic, or cultural authorities kill that in him.

[KONFRONTACJE] Whom do you stand a chance of winning over with those views? After all, the Poles crave authority, dream of strong leaders, the majority of them love Walesa.

[Waluszko] Society doesn't need leaders. At all! It's just that things are easier for it with a leader. That's purely the result of taking the path of least resistance. The war cry of Polish democrats has always been the slogan, "Leader, lead us!"—and that's the absurdity of Poland, our national misfortune.

[KONFRONTACJE] I understand that, like the young protestors of the 1960's, you hate the state, the army, violence, propaganda, and the like. But you do not even conceal your hatred for Solidarity. ("We were betrayed by Solidarity.") Your colleagues say that you display your disgust at GAZETA WYBORCZA...

[Waluszko] "Politicians always betray"—that's what we often say. And it happened the way we foresaw it. Walesa is protecting the communists from the wrath of the people. Right after the "first Solidarity" we were saying that it was making deals with the authorities. And that is "cooperation" at the expense of a society whose earnings, that is, the Polish economy, are distributed to various private corporations whose stockholders are often members of the authorities and of the opposition. Furthermore, Walesa doesn't like demonstrations. But what does he propose to his members instead of battle? Behind-the-scenes discussions with the authorities (because the content of the roundtable agreements has not been revealed to this very day), and we have a new cult of a leader. Walesa's adorers don't shout anything besides "Lech Walesa, Lech Walesa" any more.

The democracy that is going to come about, in my opinion, will be a combination of communist oppression, capitalist exploitation, feudal privilege, and mafioso systems. That system is convenient for the elite, and they will guard it with the help of the Motorized Reserve of the Citizens' Militia [ZOMO] and of Walesa, who loves to quash strikes. (We have examples of that.) But restraining strikes suits the elites, who prefer to preserve a cheap work force than to introduce modern technologies, even though that work force is the main source of our crisis and poverty.

[KONFRONTACJE] You yourselves have been active since 1983; what have you accomplished by your activism?

[Waluszko] An anarchists' initiative group has been in existence since 1980. The Movement for an Alternative

Society [RSA] did not crystallize out of it until three years later. Since then we have raised the idea of anarchism to a higher level than the counterculture did, so high that it became a political phenomenon. The reason for that is that a federation of anarchists that will participate in various demonstrations exists, although anarchy is not represented only by punks who walk around with the letter "A" on their leather jackets. Of these important initiatives, among others, our achievement has been the struggle for the elimination of mandatory military service. Not one of our people ever went into the military. We also convinced the movement Freedom and Peace that they should not only fight to change the form of the oath, as they did in the beginning, but for alternative service. And ultimately, for the liquidation of the army altogether. ("What is important is not in whose name I kill, but that I be able not to kill at all.")

[KONFRONTACJE] Is every anarchist a pacifist?

[Waluszko] No, and an example of that is the demonstrations in Krakow or Gdansk, where we had run-ins with the ZOMO, though many profess nonviolence.

On the other hand, we refuse to acknowledge the army because it belongs to the state, not because it shoots. So anarchists, in contrast to pacifists, refuse military service entirely, including alternative service. But we acknowledge the human right to individual and social self-defense. Anyway, demonstrators never attack first, at most they defend. I know, because I have been participating in demonstrations for many years.

[KONFRONTACJE] Anarchists from Lublin occupied the Municipal Transportation Enterprise [MPK] and held a hunger strike there. They were fighting for a "Hick's Palace," a free-culture center of their own. Can anything be accomplished by actions like this?

[Waluszko] The Lublin authorities are ignoring anarchists, because they think that a revolution in a city that small doesn't constitute a threat. But in Gdansk it only took us eight hours of occupying the steps of the Voivodship Committee of the Polish United Workers' Party [PZPR] to get our own square. It used to be "May 1st Square," but now it's "Change for the Better Square." The group that took the initiative called itself "Pavilion X" [Roman numeral 10]. (In doing so, we brought about an understanding among artists and politicians, and so among the Tve-Twa, RSA, Totart, Fighting Solidarity, Young Solidarity, and Confederation for an Independent Poland (KPN) movements). The square, that is, our common Hyde Park, didn't satisfy us. We also wanted to have a club for alternative youth and a legal informal activism group—the Association for Alternative Culture.

[KONFRONTACJE] What are young Polish anarchists like?

[Waluszko] Their anarchism is based on their dislike of authority, any authority. But fighting authority is not their life's goal. More important to them is to be active in the spheres of culture, ecology, pacifism, union affairs.

Because in practice one should not fight the "world organization as a whole," but, say, for closing down the most serious water or air polluter in the area, or in defense of a repressed colleague, or against the destruction of monuments or trees, and so that those who work can found a free trade union and defend their own interests, because neither the Trade Unions [OPZZ] nor Solidarity will do it for them.

[KONFRONTACJE] By all accounts, anarchists in the West have a staff of intellectuals, respected scholars, while ours lack any intellectual underpinnings.

[Waluszko] If we lack anything, it is protection from police repression, not knowledge.

[KONFRONTACJE] What is your stand on national culture?

[Waluszko] Each of us has his own individual attitude toward it. The punks say, "Fuck off!" [published in English], while I and a few others are under the sway of Sarmatism [18th-century, nationally chauvinistic, conservative, xenophobic baroque style of the Polish nobility] as a form of national culture.

[KONFRONTACJE] Pride, nation-state megalomania, a cult of national weaknesses, churlishness, and irascibility—those are the features of Sarmatism they teach about, say, in school.

[Waluszko] Sarmatism was always falsified by both sides: both the side of the communists and the government, and the side of anarchy and decadence. Yet it was precisely Sarmatism that created an alternative vision of the Pole to the vision of the Pole as Catholic. Sarmatism is the principles of liberty, voluntarism, peace, tolerance, and openness to external influences while preserving one's own identity. And that's what we are about, too.

What I like best about Sarmatism is its lack of orthodoxy, the coexistence of several national cultures alongside each other, with the conviction that what we do is best, but only for us. But we ought not to make others happy by force, nor they us.

[KONFRONTACJE] Will anarchism be victorious as socialism declines?

[Waluszko] In the capitalist countries it doesn't have a chance, because everybody has a bathroom and a VCR, and some even have a mansion. And anarchism is more like some religious sect, not a political activity. But in the communist countries, and in Latin America and the Far East, anarchism is developing very well, because there the vision of a dignified life for the people is unattainable for the time being.

[KONFRONTACJE] And how many Poles have matured into anarchism?

[Waluszko] Not many, because in our country people have learned to ask rather than to take for themselves. Now, when the government is deaf to their requests,

perhaps they will wake up and take their fate into their own hands. We want to help them do that. We even have a slogan like that on banners: "Ask for nothing, take it yourself. If it's forbidden, take it quickly!"

### **Student University Organizations: Names, Numbers**

90EP0192A Warsaw ZAGADNIENIA I MATERIAŁY  
in Polish No 42, 15 Oct 89 pp 11-13

[Article by Tadeusz Kwiatkowski: "Student Organizations"]

[Excerpt] In recent months major changes took place in academic life. Chiefly, the self-governance of the student community became strengthened, higher educational institutions were granted greater autonomy vis a vis the state authorities and political decisionmakers, and these institutions became more diversified according to field of specialization and research and instructional possibilities.

The importance of academic representative bodies (faculty senates and departmental councils) grew, their membership became broadened, and the colleges and universities gained freedom in determining their instructional plans and programs. In a word, the breeze of freedom and diversity wafted through academe. Only a breeze, because this is only the beginning of more far-reaching changes which have already been presaged not only in the program of the new heads of the Ministry of Higher Education but also and above all in the discussions of the nature of the new decree on higher education.

### **The Registration of the Independent University Students Association (NZS)**

A direct manifestation of the new trends and occurrences is the rise of new sociopolitical organizations at higher schools. The most significant event in this respect was certainly the registration of the NZS, an organization that previously was, from the legal standpoint, illegal but that had been de facto active for a long time, and openly active in the last few months.

This fact indisputably creates a new situation at higher schools. For this means the end of the prolonged stage of the "underground" activity of the members of that organization, which on the one hand had clearly divided the student community and on the other provided NZS activists with psychological comfort consisting in acting without accepting responsibility for the consequences. Here it should be mentioned that a sizable segment of students had supported the demands for registering the NZS as soon as possible (without quite supporting the policy of that organization) only because they considered incorrect a situation in which a part of the student community was refused the right to act legally.

The registration of the NZS, which was also supported by a majority of the youth organizations officially operating at higher schools, resulted in the demolition of the last barrier on the road toward complete freedom of

association for students. Thus, the NZS filled a previously existing gap, so to speak, in the mosaic of the youth organizations acting within academia.

It is worth noting that in the last few months this mosaic has become so varied that the number of organizations currently active at institutions of higher education and the forces they represent cannot be ascertained without a detailed study. That is because local associations, societies, etc., are arising at discrete universities side by side with the traditional national university student organizations. At the larger universities they form a kind of intermural accords, which is a way of transcending one's alma mater.

The largest of these is the Association of Polish University Students (ZSP). Its current membership is approximately 60,000 and it is an organization of a social-national nature (according to the program it has adopted at its last congress, when it deliberately relinquished its ideological-political function). By contrast, the Independent Association of University Students (NZS) has a membership of roughly 20,000 to 30,000. (It is difficult to ascertain just how many students have signed membership declarations, because at certain universities members and sympathizers of the NZS are grouped together.)

In addition to these two largest university student organizations there is also the ZSMP [Union of Socialist Polish Youth], but at the individual universities its membership ranges from several score to several hundred members, and its national membership is approximately 10,000 to 12,000 [counting university students alone]. The scope and importance of the ZSMP at the universities are limited.

Similar difficulties are encountered by the Rural Youth Union (ZMW). At one time it had launched an energetic recruiting drive, but in practice that had been successful only at agricultural and teacher training universities, at which the enrollment of rural youth, traditionally linked to that organization, is substantial. Among university students ZMW membership totals about 12,000.

The Circles of Young Democrats (KMD), active at the universities and close in outlook to the Democratic Party, have been meeting for the last few months a competitor in the form of the Union of Democratic Youth (UMD), which also is recruiting new members. The KMD, although still on the periphery compared with other student organizations, is undertaking actions which meet with sympathetic response (for example, drives to collect textbooks and books for Poles in the USSR).

In the mosaic of university student organizations a solid position has been occupied for years by the Polish Scouts Union (ZHP). It is active in the form of student circles of ZHP instructors, but these too do not represent a numerically significant force (aggregate membership about 8,000). And lastly there is the Academic Sports Association (AZS), with its long tradition, numerically large but not a political organization.

### New Organizations

In addition to the longtime and known organizations, new ones have recently arisen in student life. Thus, for example, the Confederation for an Independent Poland (KPN) is waging a broad recruiting drive at the universities. Currently its student membership at discrete universities ranges from 50 to 100. This also applies to other political organizations and parties. Presumably chapters of, e.g., the Polish Socialist Party (PPS), the Labor Party (SP), etc., will soon be established at the universities.

For the time being the most successful among the "new" organizations are the Catholic ones. Nationwide, about 10 Catholic associations and societies of university students have been registered. The oldest is the Verbum Academic Association, active in Gdansk, with a membership of several hundred. In Poznan there is the Young Poland Student Association, with a similar size of membership; in Bydgoszcz, the Generation Student Association, and in Warsaw, the Catholic Association of Student Youth.

All these organizations define themselves as ideological-educational ones and, secondarily, as "cadre" organizations, meaning that they initially intend to develop a core of activists—although it is really hard to say whether this intention was conceived at the outset or adopted in view of the limited membership size.

But another fact is worth noting: the aggregate membership of all the existing university student organizations, taken together, accounts for not more than 40 to 45 percent of all university students. [passage omitted]

## ROMANIA

### 'Patriotism' of Old Books Hailed

90EB0127A Bucharest SCINTEIA in Romanian  
8 Nov 89 p 4

[Article by Emilia St. Milicescu: "A Lesson in Patriotism Taught by Romanian Books"]

[Text] My neighbor, the Lumina bookstore, acts on me like an irresistible magnet. It catches my eye through windows parallel to mine, and when I go downstairs into the street, even with closed eyes my steps take me through the entrance door and to shelves crammed with books, from the spines of which well-known and loved names, as well as many new, emerging ones feverishly awaiting recognition, beckon to me. Oblivious to the passing time, I stop by each one; I long to learn the contents of each one of them, at the same time saddened by the thought that, however long a life, it never suffices to read them all. One reads and rereads the fundamental, internationally recognized books, but who's to say that among the unperused ones does not hide a book worthy of being described as "fundamental?"

I leaf through volumes 10 and 11 of Bolintineanu's valuable critical work: so many ideas still valid 150 years

later, that so many generations ignored, now brought out by the dilligent editor Teodor Vargolici. Covers that read: "Romanian Medieval Manuscripts from Crisana," over a rolled up parchment and ancient images, and "Old Romanian Traveling Books," both signed by the same industrious and passionate researcher, Florian Dudas, take me back in time.

Now, when the printed word comes out in millions of copies, when even the most isolated village has a school and a library, and when each home has its book shelves, a disturbing inner monologue charms and reminds me of the story of the human mind's most important achievement for progress—the book—and the paths it travelled before reaching us today.

But the book was not there at the beginning and not everything was preserved even from the time of Burebista's and Decebal's great Dacian kingdom, when royal offices, messengers, and traders were already long using Latin letters. What we do have from those times are the three words inscribed on the large ritual ceramic vessel on which, 2,000 years ago an anonymous potter inscribed for eternity: *Decebalus per Scorilo*. Our Dacian ancestors wrote Greek, too, something that testifies to their frequent contacts with the two major ancient civilizations. Time will reveal many more stages in the process of the native language blending with that of Dacia's conquerors on its unintentional and smooth way, like that of any live organism, to becoming the language in which Eminescu wrote "Luceafarul," Arghezi wrote "The Testament," Lucian Blaga "The Miracle Seed," and Nichita Stanescu wrote his still insufficiently deciphered poetry.

Many centuries passed before, in the land of Romanized Dacia, the thoughts of its scholars were collected into chronicles. That was the incipient time of laborious and heroical efforts by scribes, bent over stiff pages, under the yellow, tremulous light of oil lamps or candles, working with inks invented from plant extracts; the time when minds thirsty for light paid for a copy of the chronicles with gold coins in purses heavier than the book itself. When, in 1508, Gutenberg just completed his movable letters, with which people's thoughts could finally be collected in books, in Tirgoviste, the ruler of the Romanian Principality, Radu the Great, ordered Master Macarie, who had served in printing shops in Venice and Montenegro and returned with the tools of the trade that was to open up an era of unprecedented blossoming of mankind's intellectual forces, to print the first three books in a Slavic language.

Transylvania, enslaved and subjected to Hungarization, in its fierce desire to preserve its ethnicity and to remain an integral part of the Romanian nation across the Carpathian, invited Master Macarie to Sibiu, where, helped by Romanian "writer" Filip Moldoveanul, he took 7 years to print three books, among them a Romanian Catechism and a Slavic-Romanian tetraevangelical work. The second great toiler that must not be forgotten was the scholar and deacon Coresi. In Brasov's Schei,

one enters with trepidation the room in which in 30 years 36 books were printed in some 100 copies each, intended for the entire Romanian nation, thus laying, before the unification of the three sister countries by the sword of Mihai the Brave, the basis of the unity of the Romanian literary language.

The story of the multiplication of Romanian printing shops from Coresi to the 20th century fills many volumes. We must also recall that many passionately sacrificed themselves to disseminate books—so rare in the past—out of unending love for their nation. Since time destroys stone, too, it is not precisely known, but passionate researchers believe that in our country there existed approximately 10,000 manuscripts; from the few printing shops that continued working through three centuries, only 2,100 books have come down to us—incalculably valuable gems of Romanian culture. The printer was the one who took out of boxes the letters needed to put together the words that went into books, but the books still had to reach people. How was that done in the past, without proper roads, without vehicles, and without the money to pay for the books and food of a laden traveler who had covered hundreds of kilometers? It was only in the 18th century, when the printing trade belonged to ruler or church, that books were dispatched to known, interested readers, carried by scribes or special curriers, although some remained in the "royal stores" even after the ruler that had ordered it was deposed or died, as it happened with "Cazania Lui Varlaam," which was inherited by Gheorghe Stefan from Vasile Lupu. More time passed before people learned to bind books and to take them to areas densely populated by avid readers, where they often stayed for weeks, after which they would strike an agreement with one of the locals to sell the remaining books and give them the money on their next trip. Experts call this "hawking," but that word seems to me to miss the feeling conveyed by people braving cold, rain, and storms on difficult roads—frequently on paths they themselves cut through thickets and woods—and poorly fed, to take books from one corner of the country to another. The happiness of the person who received in Ghighisenii Bihorului a Romanian psalter printed in Tirgoviste in 1712 was the greatest reward of the exhausted traveler. Sometimes, the copies he could carry, stealing through the "cuckoo's custom house", turned out to be too few in number, in which case the solution was to copy the book for those who wanted it, which meant weeks (if not months) of hard work away from the family. The most dilligent "ad hoc copyists" and "book carriers" were the teacher Vasile Sturza Moldoveanul and Simion Pantea from Salciua-Alba, who had participated in Horea's rebellion. Both spent their lives on the road, bent under heavy bags full of book wisdom and the beauty of the Romanian language. It was thanks to them, too, that the Romanian language became uniform and that its words conveyed the core of experience throughout the Romanian land. Thousands and tens of thousands of books carried by them and by other "book carriers" (some known and others anonymous but still alive in the great Romanian

soul now and forever) filled towns and villages with the unification fire that burned in every heart, on roads that always and forever linked Wallachia to Transylvania and Moldavia, through travelers whose paths crossed on top of the Carpathians and along rivers that spoke no other language but ours.

"A Man's Life As It Was," by N. Iorga, printed in 1984 (823 pages, large format) cost 56 lei, while volume 11 of the Bolintineanu criticism edition of 1989 cost 30 lei! Is the work and talent of contemporary writers less valuable? No! Do the materials required to bring out a book cost less?! Perhaps! But we must remember especially the size of each edition, in a country in which only children under 6 years of age may be illiterate, and where the "hunger for knowledge" is almost unique. Our people have valued books for as long as they can remember... How unquelled must have been the passion for reading of past scholars who had to pay for books in gold, in addition to baskets of wheat, corn, ham, young bulls, or a couple of oxen! Sometimes the book was paid for only in nature. "Cazania Lui Varlaam" sold for 36 goats or one mare with saddle, or 34 measures of wheat, or two oxen, while the 1688 Bucharest Bible sold for 24 sheep with lambs. Florian Dudas, from whom I cite these figures—and to whom I want to convey warm collegial congratulations—calculated that the cash value of a regular manual was by the end of the 18th century 10-15 florins, with which one could purchase one or two oxen spans; three of four cows; one or two horses, or 10 sheep with lambs. Further, the author researched the price of objects and animals traded for books in 1655: one mare cost 25 florins; in 1713, one measure of wheat cost 1 florin; one ox, 16 florins; in 1724 in Banat, one measure of grain sold for 25 kreutzers, and a cow with calf for 4 florins. In 1728 one copy of the Belgrade Chiriadromion sold for 30 Florins.

We owe a grateful thought to Badea Cirtan who, out of ardent love for the Romanian nation, took his hump and his white peasant trousers all the way to Rome to see his ancestors fashioned in marble by Apolodor of Damascus on Trajan's proud column, while "at home" he was the last "book carrier" along paths known only to himself, bringing from Bucharest books contributed by writers, scientists, and great Romanian cultural figures for those thirsty for the sweet sound of lullabies and ancient folk songs at a time when cruel boundaries separated brothers. He should have been laid for eternal rest in the Marasesti mausoleum at the side of those who liberated Transylvania, for whom he kept alive the flame of hope for a whole life, untiring pilgrim that he was, dedicated to the continuation of a whole and undivided Romanian entity.

That's what was going through my mind while scanning the laden shelves of today's bookstores. Ours is a time of books for everyone, a time of science and learning, for the light of which our ancestors toiled and struggled. The right to books and to learning—the triumph of the Romanian socialist society—was attained through the endeavors of our ancestors whom we have reason to

respect and value even more when we consider our present amenities. How do we express that? By learning, learning, learning, and fully taking advantage of the conditions all of us enjoy today.

## YUGOSLAVIA

### Lack of Program, Favoritism in Elections Cited

#### Croatian Party Elections

90EB0084A Belgrade BORBA in Serbo-Croatian  
21-22 Oct 89 p 3

[Article by Seada Vranic: "What Happened in the First Cadre Referendum in the SR Croatia"; first paragraph is BORBA introduction]

[Text] Direct voting by party members for nominated candidates for the leadership of the League of Communists of Croatia [LCC] and the LCY [League of Communists of Yugoslavia] took place for the first time in the history of that party, but does not merit the epithet of an historical event. In the end, form predominated, since the members simply circled names without taking sides among the various programs. This is why it remains unclear whether the party elections were won by reformists or "cosmeticicians."

After the first party cadre referendum in history in which the members of the League of Communists of Croatia picked from among candidates for their future leadership, one thing is absolutely clear: No one will any longer be able to reproach communists by saying that their leaders lack legitimacy and that they were not elected democratically. This fact alone is enough to justify the enormous work and considerable resources that went into organizing the elections. However, that represents the full extent of reasons to speak of direct voting by party members for nominated candidates for the leadership of the LCC and LCY as an historical event. Because to assign that epithet to something, it has to be given or guaranteed a corresponding quality.

The recent party elections do not provide that guarantee, although this is not the fault of the more than 200,000 voters who in a massive turnout at the polls (around 80 percent) affirmed that the Central Committee was serving the interest felt by the members of the League of Communists in influencing cadre policy. Misgivings about quality do still exist, but there is no doubt that the procedure is respected and that the election, as a democratic act, is unquestioned. What is open to question, however, is whether elected candidates (who are still ogling several electoral seats) are in fact necessary to the League of Communists at this very difficult social and political moment. Or, to simplify: The question is whether the elections were won by reformists or "cosmeticicians." Unfortunately, no one alive in the LCC can reliably answer that question, although it is possible to say with a high degree of probability that the vast



majority of people in the LCC know that the reformist current was victorious at the recent congress of the Hungarian Socialist Party.

#### Candidates Ivo, Ivan, and Ivica

This parallel may appear to some to be out of place, but it is necessary for at least one reason. Specifically, the LCC too is facing the fundamental question of whether it will finally plunge into radical reform or simply touch up its "makeup and hairdo," while the main "subquestion" concerns the people who must carry out the reforms. This is why the question of which "current" prevailed and emerged victorious is not irrelevant. Moreover, the "profile of the cadre" that constitute the majority in the current leadership is the main reason for the fact that the LCC has squandered its initial capital, created from the previous, largely democratic elections, and for the fact that the quashed reformist plan was adopted at the famous plenum of ideas where the emphasis was not only on the basic democratic directions of the transformation of the LCC, but also on events that will occur (and have occurred) if this plan is not consistently implemented.

Although Croatia is not Hungary, a comparison with conditions there serves to show how, in contrast to our "brothers-in-arms" in the neighboring state, here it is still unclear whether there is a desire to set out on the road to reform, and what type of reform it will be. Specifically, of the candidates chosen from among several thousand prominent figures, or around a thousand of those who satisfied the proper criteria, a large number are unknown quantities, and these unknown quantities result in all the other uncertainty. To be sure, not all of them are unknowns. The confidence of the party membership was granted, for example, to many scientists who over the past 2 years have been vociferously promoted in the mass media. In the end, the names of the candidates for the leading position in the LCC, Ivo Druzic and Ivica Racan, were well known, in contrast to the third countercandidate, Ivan Babic, who, with 75,000 votes, did not receive the necessary majority. The question, however, is whether the mere fact that someone is accessible to the public through interviews, authorial texts or appearances at meetings of the party forum is enough to know the candidates "deep down," to notice the differences or nuances between them, and to ensure that the election is not a simplification of formal criteria.

The very fact that the well-known Ivo and Ivica were chosen as candidates for the function of future president of the Central Committee of the LCC and that the unknown Ivan did not stand a chance raises at least several questions. Why were the party regulars unacquainted with that candidate's position; why was there no knowledge, outside his own inner circle, of his views on a market economy, of what he thinks about pluralism, about the role and place of the LCY in the political system, etc. etc.? Naturally, we can also turn these same questions towards the other two candidates. Why did Druzic and Racan not first make known their programs

or at least the "basic points" that constitute the foundation for their views, such as how to emerge from the blind alley of the crisis of party and society. Specifically, there is plenty of reason for the public within the League of Communists and beyond to know, for example, whether Druzic agrees with those who have switched over from the agreed economy to the market economy; similarly, the details of Racan's "Economic Program" should be known in greater detail.

Naturally, we are not reproaching the candidates for this, since they themselves were put into the situation, more by the will of others than by their own will, of participating in an election process that set for itself a lofty goal without providing for all the assumptions that it also actualizes. Moreover, even Racan himself has been talking lately at meetings of the Central Committee of the LCC about how it is impossible to hide behind demagogic slogans to avoid the fact that the party membership has passed judgment, and in so doing has ignored the question of the quality of the elections. To that extent, each of the elected officials, including him, has the right and even the obligation to form an opinion on whether they are capable of bearing the load and responsibility for the difficult tasks that await future leaders.

#### Numbers and Letters

It seems that these words also conceal dissatisfaction with the quality of the elections, about which some members of the Central Committee have commented as well. Zorica Stipetic, for example, could not refrain from saying how it seemed to her that the voting took place according to the formula of the TV game show "Numbers and Letters," and how she worries that most of the candidates are names about which she does not know what they think, how they think, or what their orientation is. These belated doubts of hers were shared by the enterprising member of the Central Committee, Marin Buble, who warned that formal criteria had prevailed and that the candidates lacked legitimacy in terms of program, even those running for the most prominent positions.

In the last party elections for the LCC, it appears that form prevailed over substance, which is primarily the responsibility of the Central Committee and other party leaders who lacked the will, energy, and time to properly prepare the party membership to vote not by simply circling names, but rather by choosing a program. However, the skepticism expressed is not a plea for a return to the methods of "closed cadre selection" and cadre kitchens which resulted in enough bad things to merit freeing ourselves from them for all time. Nor does it mean that the future leadership will not be more successful than the current one (which actually is not a particularly lofty goal), although doubts remain that will be repudiated or confirmed only through practice. If they prove to be groundless, then all the better for the League of Communists and democracy. However, if it is confirmed that we have "a pig in a poke," then the consequences will be serious, perhaps even catastrophic. It is



for this very reason that the current leadership of the LCC cannot be innocent and hide behind the "will of the members," just as the electoral work that they performed in the case of the extremely positive outcome can be a major plus in the sea of minuses that it has earned over the past 3 years.

### New Serbian Election Law

90EB0084B *Belgrade BORBA in Serbo-Croatian*  
21-22 Oct 89 p 3

[Article by Milica Torov and Savo Popovic: "How the New Serbian Election Law Functions"; first paragraph is BORBA introduction]

[Text] There are several names on the lists for every position, but those who are not destined (nor in all likelihood offered the chance) to be elected often withdraw their candidacy even before the electorate has had its say. The next example of republican leadership, as well as that of some municipalities, has for the most part viewed the elections as reelections.

The great electoral "machine" in Serbia has rushed off to a good start on all three tracks—in sociopolitical organizations, where the end is already near, for delegate assemblies, and for leading positions in the republic. It is not running late in terms of the established deadlines. The "electoral train platforms" are very crowded.

As the elections approached, the struggles for positions flared up as well. Thus, elections in (not only) Negotin even brought to the surface "dirty laundry" that had been concealed thus far. Democratic self-confidence and vigilance were also demonstrated by the people of Prizren, who at a citizens' meeting for 10 days fought against the list of candidates for municipal functionary positions, fought in fact against the "fine-tuning" of lists and those who are assigned to positions in advance. A breakthrough of democracy is also seen in the case of Kragujevac. There, the opportunity to have a person on the electoral list (instructor at the Law Faculty Nenad Burdevic, 33 years old) nominated by 100 citizens for the presidency of the Municipal Assembly was utilized for the first time. In a "democracy" as well, things can sometimes get out of proportion—in the preelection activities in Pozarevac for the leading party function, 337 candidates were nominated, or roughly every 24th member of the municipal organization of the League of Communists.

The differences in the understanding of democracy that are invoked so strongly in these elections are demonstrated by the example of Vrsac as well. All the nominees on the list of candidates for the Coordinating Committee for Preparing and Executing Delegate Elections are current municipal functionaries. Accordingly, they would have to take into consideration the will of the voters "in the name of the people."

### Taste for Reelection

In the elections that have already been completed thus far, frequent use has been made of the right to reelection, of which a reminder was issued at the last joint meeting of the republican trade union and SAWP [Socialist Alliance of Working People] by Dejan Milovanovic, secretary of the District Committee of the SAWP of Serbia. On that occasion, he said that the demand for fundamental cadre renewal must not be an obstacle to the reelection of people who have conscientiously and responsibly performed their duty under their current mandate. This is the right applied already in Valjevo (Sinisa Mitrovic was reelected as president of the Regional Committee of the SAWP), in Titovo Uzice (Mile Mikailovic was reelected secretary of the Regional Committee of the SAWP)...

Fitting right in with this "reelection" scenario are the universal demands throughout the republic to the effect that the same people be elected to leading functions in Serbia. Moreover, there is no mention of the possibility of not asking the candidates to put forward their program.

Close to the deadlines, not even form has been disrupted, as far as is known. Strictly speaking, there is high regard for the demand for more candidates (at least two) for every post. But situations where other names accompany that of the "favorite" and then disappear from the list because the people in question voluntarily withdraw are not isolated incidents. A concrete example: One of the three nominated candidates for the leading post in the Belgrade party withdrew 7 days before the election, explaining that the democratic requirement is satisfied by having two candidates. On the day before the election, the countercandidate for the leading post in the Belgrade SAWP was chosen president of a municipal conference of the SAWP. When elected secretary of the city party organization, one of the candidates dropped out because of workload, while the second man, also because of his business schedule, proposed that his countercandidate be preferred in the voting.

Chivalry, blind luck, solidarity—not to make any assumptions—but this is not an isolated case where some have withdrawn in favor of others. There is none of the expected "contention" between the candidates, the healthy and argumentative competition that could be expected in these new democratic breakthroughs.

The involvement of young people in the current electoral activity could be termed a true awakening of democratic awareness. This is evidenced by their campaigns, beginning with the amendments to the electoral law, and including electoral proclamations and appeals "to all interested parties" to join them in the struggle for "youth, democracy and socialism," as well as their nomination of candidates and "skirmishes" so that as many young people as possible make it onto the socio-political councils. Because the young people too have "caught on" to which way the wind is blowing...

This "harnessing" of young people not as used to the struggle for power has also led to several "derailments." There are cases where one candidate has agreed to run for two or even all three assembly councils. This blocks the elections and complicates the procedure, since, obviously, one person cannot be elected to more than one post. This situation was noted with a youth candidate in Zajecar.

#### Tired Voters

One important "item" in this election business—a quorum is often questionable, even in highly intellectual districts, such as the university committees in Belgrade and Nis... However, those are isolated cases, explains Slobodan Radosavljevic of the Central Committee of the League of Communists of Serbia, adding that it should be attributed to positions towards policy and the people-candidates.. It is a question of a complex electoral technology, marathon meetings at which vote-counting alone can draw things out by three or four hours or even longer. People get tired, give up, and leave the meeting.

More light is thrown on this phenomenon associated with the quorum by the election of delegates from the city trade union for the Socio-Political Council of the Assembly of Belgrade. Not even after holding two meetings of the members of the City Council of the trade union could the delegates in question be elected, due to lack of a quorum; finally, the ballot boxes "travelled" to the delegates' places of work. In the end, this enterprising spirit yielded fruit—from 146, a list of 20 names was drawn up, of which 10 will be elected on 12 November.

The shifts towards democracy have been made. It is too early to draw any conclusions about the extent to which we have cause for satisfaction. It is true that the electoral system has long been the object of analysis and criticism and in terms of the many remarks that have been made about greater democracy all sorts of things could still be added to this law. Nevertheless, we will not forget that it is for one-time use...

#### Delegates Dismissed at Kosovo SAWP Meeting

90EB0093B Belgrade POLITIKA in Serbo-Croatian  
24 Oct 89 p 7

[Article by M. Vujovic: "Slate of Candidates Approved for Sociopolitical Council"]

[Text] Pristina, 23 Oct—At today's Kosovo SAWP [Socialist Alliance of Working People] Provincial Committee Nominating Conference, 68 possible candidates were confirmed out of a slate of 109. Of this number, workers and citizens will elect 50 delegates in the 12 November elections to the Sociopolitical Council of the Kosovo Assembly.

In her introductory comments, Svetlana Pesic, member of the Kosovo SAWP Provincial Committee, stated that adoption of the amendments to the constitutions of Yugoslavia, Serbia, and SAP [Socialist Autonomous

Province] Kosovo has created important preconditions for democratization of the electoral system. This is true in particular of the mandatory recommendation and confirmation of a greater number of candidates than the number elected.

The meeting of the Kosovo SAWP Provincial Committee approved unanimously and without discussion the report on the work of the SAWP Provincial Committee, its presidium, and forms of operation over the last year. In his introductory statement, Budislav Vujisic, secretary of the Kosovo SAWP Political Committee, said that the positions and goals of bureaucratic and technocratic forces and their role in the indoctrination, disinformation, and blinding of a small number of persons of their own nationality had been discovered. Their duplicity and links to the separatist, anti-self-management, and other antisocialist forces in other areas of the country have been revealed.

Vujisic also stated that the continuity of their action is also reflected in the miners' strike in Stari trg and other strikes, the calls for work stoppage and boycott of education, and the forms of damage caused. These forces have caused progressive emergence of a chaotic situation and widespread discontent, by suppressing and expelling the best specialists and the best production workers, an incorrect investment policy, enormous cost overruns, bribes and preferential housing treatment, nepotism, and seizure of public property. Their ultimate goal is to exert pressure for neglect of the interests of Albanians and to cause interethnic conflicts and intensify pressure on Serbs and Montenegrins and others in Kosovo.

He also stressed that there has been pronounced resistance to change, that all this demonstrates how pressure has been built up in a onesided and biased way in these circles for restricting the rights of the autonomous provinces and for stripping away ethnic rights. Doubts have been expressed about the integration processes announced and carried out and about the collective and nonrepayable investments in the development of Kosovo.

The report approved today states that 12 delegates have been dismissed from the SAWP Provincial Committee and 9 members from the presidium because of responsibility for the problems that have arisen. Three chairmen of action programs on the Kosovo SAWP Provincial Committee and 177 members of SAWP RKs, 9 presidium chairmen, 65 presidium members, and 14 action program chairmen on SAWP district committees have also been dismissed. The Socialist Alliance of Kosovo has also launched the initiative of relieving Ibrahim Rugova of his duties as president of the Kosovo Writers' Federation. This federation also relieved Rugova of his duties as delegate to the Njegov Prize Award Committee.

The approved report also expresses concern over the data relating to emigration of Serbs and Montenegrins from Kosovo Province, especially from rural areas. Over

the last year 2,523 ethnic Serbs and Montenegrins emigrated from Kosovo, 62 percent of them from rural areas. During the first 6 months, 1,100 persons emigrated, 54 percent from rural areas. The rural emigres included 39 families.

### **Jobless Macedonians Stage Hunger Strike**

90EB0093C *Belgrade POLITIKA in Serbo-Croatian*  
24 Oct 89 p 12

[Article by Z. D.: "Hunger Strike in 4th Day"]

[Text] The protest started a little more than a month ago in front of the Macedonian National Assembly building by unemployed highly skilled Skopje workers is now in its 4th day in the Skopje Municipal Assembly. Dissatisfied with the results of the efforts by the appropriate urban authorities to solve their problems, 70 lawyers, chemical and forestry engineers, history professors, and architects began a hunger strike on Friday.

Emergency activities are currently in progress in all five Skopje boroughs for immediate hiring of persons with higher education who were graduated as recently as 1986.

### **All Souls' Day Proposed as Croatian Holiday**

90EB0093A *Zagreb VJERNIK in Serbo-Croatian*  
18 Oct 89 p 1

[Text] Zagreb—The presidium of the Croatian SAWP [Socialist Alliance of Working People] RK [Labor Chamber?] committee will recommend to the Croatian Parliament that All Souls' Day be proclaimed a holiday in Croatia. A resolution to this effect was adopted on Tuesday, at a meeting chaired by Marijan Kalanj, and preliminary justification for the recommendation was given by Milan Kiperas, a member of the Croatian SAWP RK presidium. After pointing out that this initiative derives essentially from the interest displayed by citizens and from public practice, Kiperas explained that the Croatian SAWP RK had considered several essential circumstances and reasons which will have to be taken into account in the future. All Souls' Day is a part of national tradition, a day when homage is paid to those who have passed on, irrespective of denominational membership or secular philosophy. For most personnel staffs the work day is already reduced or personnel are given the day off, and proclamation of All Souls' Day as a holiday would mean legitimization of public

practice and greater orderliness in regulating worker rights. Similar views and support for the initiative were also expressed in a very brief discussion by Ante Matutinovic, Marijan Radmilovic, Celestin Sardelic, and others, although the recommendation was also made that local public discussions should be organized on this subject.

Presidium members also arrived at similar interpretations and support for the recommendation that open talks be held on the celebration of religious holidays in Croatia and that solutions be proposed which would permit equal treatment of all beliefs and coexistence of believers and nonbelievers, in view of the fact that Croatia is a multidenominational society. Inasmuch as both Catholics and Orthodox believers in this republic celebrate both Christmas and Bairam, the presidium of the Croatian SAWP RK believes that members of both faiths should be allowed to take one or more days off during these holidays. However, the memberships of the denominations should decide on the ways and means and specific celebrations.

After several comments and recommendations had been made, the presidium of the Croatian SAWP RK approved the draft law on elections, which is to be passed by the Croatian Parliament by the end of November. Along with the assessment that the concept of the draft law is acceptable and based on current constitutional solutions, and that in essence it represents a contribution to democratization, it was repeated in the discussion that direct elections with several candidates represent the foundation of democratic elections. At the end of the session, Mira Kremek asked about the presidium's position on use of the Cyrillic and Latin alphabets and its attitude toward the HSLS program and positions and the practical operation of the program. Far-ranging discussion of this matter is also to be expected in this forum in the near future.

[Box, p 1]

### **Parliamentary Support**

The parliamentary executive council has approved the initiative of the SAWP RK presidium for making All Souls' Day a holiday in Croatia, in view of the fact that paying respect to the dead is a part of national tradition. Action has also been taken to have brought up by mid-November consideration of the possibility of having Christmas classified as a holiday.

## GERMAN DEMOCRATIC REPUBLIC

### NATO Still Viewed as Military Threat

90EG0061A East Berlin DER KAEMPFER in German  
No 11, Nov 89 p 7

[Article by Roland Fisher: "NATO Targets Socialism"]

[Text] Things are happening in our country. The ninth SED Central Committee meeting has initiated a change in direction. The political and ideological offensive, the concrete steps taken by our party and government, have cleared the way for reasonable change. We are in the midst of a campaign to resolve many contradictions and problems. It will now become apparent who really wants to engage in a dialogue, who understands the problems, and who wants to participate in making socialism noticeably better and more effective for everybody. At this time of serious thought, of discussions and of coming to grips with the country's problems it is easy to overlook the threat from the outside. Influenced by initial progress in arms reductions, some people also think that the military component of NATO's strategy has all but disappeared. The results of the Vienna and Geneva negotiations and the first force structure and armament reductions—to which we, after all, contribute heavily—are, of course, encouraging.

On the other hand, we should not overlook the fact that domestic and foreign policy criteria are closely related to relations between states and to the international situation. We have every reason to assess NATO's political and military concepts as well as its actual behavior realistically at all times. Here are some selected facts which can contribute to a dialogue.

#### Self-Imposed Outrider Role

With regard to NATO, it is obvious that we are dealing with a well-tuned political strategy of the imperialist powers. The FRG has assumed an outrider role in Europe. The following has at least been known since the NATO summit conference of last May: Economic and political pressure; open intervention by political-ideological diversions and by training hostile elements in the socialist countries; arms and the continuing threat of military force are all equally designed to weaken socialism and to destabilize the alliance of its states.

Today, we see more than ever how the class enemy is exploiting every opportunity and weapon in the arsenal of class warfare short of war. That this policy does not preclude the possibility of using the machinery of war was unequivocally demonstrated in the past weeks by a NATO maneuver in the "Autumn Forge 89" series.

A total of five army corps and 17 divisions, 200,000 men strong, were deployed in Central Europe along the borders with socialist countries. This concentration of forces comprised 1,250 combat planes, including 14 B-52 bombers, 270 warships, two aircraft carriers and other elements. Large-scale maneuvers [are carried out]

despite the fact that the two-pronged Vienna negotiations—reduction of conventional arms and confidence and security-building steps—are making progress; that the socialist countries are making considerable unilateral reductions and are concentrating on adequate defensive capabilities; and that NATO claims to have no offensive strategy at its disposal.

#### A Bad Scenario

One could argue that the maneuvers were known and based on long-range plans. That is true, but one should certainly take note of the scenario in relation to the maneuver's timing. In the maneuver scenario NATO staffs assume that riots have broken out in specific socialist countries and that their governments are in a state of disarray. Therefore—please note—the Warsaw Pact has now initiated an attack! That the last item is nonsense is immediately obvious and is surely needed as a justification for NATO's own people. The first concept is more revealing. While the FRG is conducting a large-scale propaganda effort and massive intervention efforts against the GDR and while our country—and not just ours—is involved in a difficult situation, NATO countries are exploiting the situation and letting their military concepts take shape along our borders. These are the facts. Within 3 months NATO:

- exercised the deployment of elements of its strategic forces in areas it had designated as European combat theaters;
- exercised operations and attacks against socialist countries with conventional weapons;
- tested political and military procedures for initiating a selective first use of nuclear weapons.

It is quite obvious that the NATO command deliberately incorporated internal problems of the socialist countries and attempted to create opportunities for military superiority and surprise. There is more.

#### High Armament Levels Remain Topical

NATO Secretary General Woerner again proves himself to be the arms monopolies' best advocate. He warned "against premature unilateral disarmament decisions in the West in response to changes in Eastern Europe." He stated that "in times of large-scale changes, in which the Soviet bloc in Eastern Europe" is beginning "to crumble," one could not take any short-term disarmament steps. This was readily agreed to by the Western arms lobby.

Notwithstanding the Geneva negotiations with the Soviet Union, the nuclear triad is being modernized: by the new B-2 bombers, by mobile land-based ICBM's and by a new generation of ballistic submarine missiles. In the FRG the implementation of more than 100 arms projects is making rapid progress. As key words, let us mention: "Fighter 90," an antitank helicopter, the frigate construction program, the "Leopard II" tank, 5,200 state-of-the-art antiaircraft missiles and...

President Bush has some problems with world public opinion. Contrary to statements he made to the United Nations, chemical weapons are still being produced. While this brands him a liar, it also assures the imperialist chemical giants of a profit. Finally, the threat to mankind keeps growing.

#### Four-Phase Plan To Liquidate Socialism

The Springer journal *DIE WELT* trumpeted: "The threatened destabilization in Eastern Europe suggests a 'constructive revision' of the structure of postwar Europe." What this means is about to be revealed at the December 1989 meeting of the NATO Council by a "four-phase plan." The plan's primary objective is the dissolution of Europe's postwar order and the incorporation of the socialist states into the Western orbit. That is why NATO is considering "to propose to the Soviet Union and the Warsaw Pact countries a neutral status for the East-Central Europe countries," in order to overcome, at last, the status quo in Europe in an "orderly and negotiable" manner. And this is how it is supposed to happen. In the first phase the socialist political and social structure is to be eroded as thoroughly as possible by any means and the leading position of the communist workers' parties, in particular, is to be undermined in the socialist countries. Bourgeois pluralism and a market economy is offered instead and this phase is called "creating internal self-determination."

The breakup and dissolution in doses of the Warsaw Pact is emphasized in the second phase.

In the third phase the "neutrality" of the socialist states could then be attempted which, of course, would be tied to a disengagement from the coalition.

Finally, the fourth phase is called "establishing full sovereignty," by which is meant the final elimination of socialism and the incorporation of the socialist states into the imperialist ruling system.

#### Springer's Conceptual Initiatives

Since this plan does not correspond to the course of events and could not survive a realistic appraisal of the international balance of power or of GDR's internal stability, the Western media consistently prepares Springer-type prompts. Here is a selection:

- It has been shown long ago that the reactionaries' demand for a new political order in Europe can seriously disrupt the process of peace—but this is stubbornly labeled as "false."
- Even though progressive elements recognize the accumulation of nuclear weapons as a threat to mankind, this fact is also denied. In reality, according to the media, "it is not the accumulation of weapons which threatens the status of the world, but the intolerable conditions of Leninist communism as it perishes while beset by severe crises."
- Not mutual respect, peaceful coexistence, and mutual security but the liquidation of socialism is, verbatim, "the task that will bring peace." The four-phase plan is praised as a kind of developmental aid to socialism because it is an "answer to the crisis of the East and because it does, in fact, help responsible reform elements there in a useful way." The fact that true, and even indispensable, reforms are not at all directed against a socialist society, is not recognized because the encouragement and support of antisocialist elements is the real objective.
- An attempt is made to trick even allies in the interest of large-power chauvinism. Thus, the claim is made to be "in favor of a reconciliation of the German people." In any case, the "reunification" of the two German states is said to be "inevitable and will, in effect, decide everything."

It is incomprehensible—we are dealing here with a complex threat, with serious attempts by our enemies to reinvigorate in a different way the old strategy of "rolling back socialism." We therefore have no choice but to make efforts to strengthen and to protect the socialist GDR. The competitive efforts of the armed industrial militia groups of the working class must keep this in mind at all times.

## GERMAN DEMOCRATIC REPUBLIC

### Industry, Electronics Seen Increasingly Uncompetitive Internationally

90EG0057A Duesseldorf *HANDELSBLATT*  
(Supplement) in German 17-18 Nov 89 p 1

[Article by Volkhart Vincentz, East Europe Institute, Munich: "GDR out of Breath on the World Market"; first paragraph is *HANDELSBLATT* introduction]

[Text] Other than the USSR, the GDR is the only CEMA country that has mastered the entire microelectronics production cycle from the production of pure silicon to the construction of computers. The overemphasis on this sector is now being criticized. The GDR must now cut costs and move into other areas of production.

"Competitiveness is the degree to which a nation, under free and fair market conditions, produces goods and services that meet the test of international markets and simultaneously maintain or improve its citizens' real incomes," to quote one common definition.

We can use various methods to measure whether the GDR "meets the test of international markets." Indicators have been developed for such tests: comparison of so-called kilogram prices, share of world markets, "future-oriented" goods as a percentage of total exports, and success in selling licenses and obtaining patents abroad.

It is assumed in particular that there is a close relationship between the ability to produce high-tech goods and competitiveness. All these measures are questionable and controversial for many reasons. If, however, they all point in the same direction, that strengthens our confidence in the indicators' validity.

Regardless of what methods or what data one uses to measure the GDR's competitiveness, the results always indicate a deterioration in its competitiveness. For instance, the difference between the prices of GDR products and those of FRG goods in inner-German trade has increased significantly.

In inner-German trade in capital goods in particular, the GDR is able to sell only relatively simple technology at correspondingly low prices. In contrast, the prices per unit of weight for FRG goods were always higher. And they were constantly rising. That is a sign of higher quality and continuing technological improvement.

In 1973 the GDR held a 3.9 percent share of total machinery imports from non-OECD countries into the OECD (not counting inner-German trade). In 1986 that share had shrunk to 0.9 percent. Imports of machinery from the GDR thus amounted to about one-fourth of those from Malaysia. Like all the CEMA countries, the GDR has suffered a dramatic loss of export share to the Asian threshold countries.

If we look at the relationship between export and import shares in capital goods in the world market as an indicator of competitiveness, we reach two conclusions:

1. Compared to the OECD countries, the GDR has major competitive weaknesses.
2. The GDR's competitiveness has deteriorated significantly since the mid-1970's.

If we look at the position of the GDR vis-a-vis the other CEMA countries, it is clearly still the most competitive country in CEMA. But there are signs that in the mid-1980's this leading position is no longer as secure as it was a decade ago. Hungary appears to be catching up somewhat.

If we compare the evolving competitiveness of the GDR, Poland, and Hungary with that of the Asian threshold countries, we see that developments in Poland and Hungary have been similar in direction (not in extent) to those in the threshold countries. The GDR, on the other hand, has become increasingly competitive in raw material-intensive and capital-intensive goods, and less so in all other categories.

This pattern is exactly the opposite of the successful development of the Asian threshold countries. This suggests that the centralizing GDR has made the least progress in structural adaptation.

These empirical results are due to the fact that the GDR has been unable or unwilling to adapt to various altered conditions in world markets. These new developments have by no means come to an end, so they will continue to affect the GDR's competitive situation in the future.

One outstanding trend of recent years has been a constantly increasing internationalization of markets. The largest volumes of trade flow between countries with similar per capita incomes and similar technologies. The GDR's trade with the West has not shared in this development. The costs of "relative" autarky like that pursued by the GDR (willingly or due to external pressures) are rising.

One effect of the increasingly short life cycles for high-tech products is that late entry to the market exacts a high toll on profits. Given a 5-year product cycle, a half year's delay in introducing it reduces profits by one-third, according to a study by the McKinsey company. On the other hand, a 50-percent overrun in development costs will reduce profits by only 3.5 percent.

More and more firms with the ability to pay high development costs and with high technical competence are establishing themselves on the world market. These enterprises are introducing new products at a faster and faster pace. For the GDR, which generally enters the market late in the product cycle, this development leads to decreased competitiveness.

Today these developments in the world market are generally believed to be due to the fact that, because of

technological developments in particular, goods with declining average costs are increasingly being traded in conditions of imperfect competition. These goods make international trade advantageous, for instance, even between countries with similar natural resources.

If the GDR participates little or not at all in this kind of trade, it deprives itself of the possible advantages of the trade. The dilemma is that participating in the internationalization would also have consequences for the GDR's internal organization and limit its freedom in domestic economic policy. Thus far the GDR has paid only lip service to internationalization. This policy appears to be intended primarily to avoid any danger of dependence on the West.

International cooperation increasingly consists of the exchange of know-how. More and more this exchange takes the form of barter (information for information) because goods are virtually unsalable without the intensive accompanying consultation. Thus Siemens, for instance, obtained the circuit for the 4-megabyte chip from Toshiba in exchange for a data bank of logic components. The main thing demanded from the partner in such cooperation is "technological competence," i.e., he must have something of equal value to offer. The ability to pay is no longer enough by itself.

In this respect, too, developments are not favorable for the GDR. Because trade occurs in imperfect markets, strategic trading plays an increasing role (a company takes other companies' countermoves into account in its own actions). Price as the sole parameter is increasingly being complemented by other parameters of competitive strategy such as worldwide presence, services, striving to be the market leader, setting "industry standards," etc.

These parameters require subtle knowledge of the market and of competitors' market behavior. In this area, too, the GDR is likely to be at a disadvantage vis-a-vis Western enterprises.

This cooperation takes the form of pure cooperation and of mergers or takeovers. This trend toward concentration is countered by an expansion of the markets (in area and in value) so that we need not necessarily expect to see monopolistic tendencies. In Western Europe, the market closest to the GDR, we should actually expect increased competition.

The trend toward internationalization of markets is encouraged by various international arrangements intended to facilitate worldwide adjustment processes. So far the GDR has shown little understanding or interest in agreements like GATT, for instance. Furthermore, it is becoming more important to help set standards. Only those who are involved in that from the beginning can enter the market early. (Riesenhuber: "The one who has the standards has the market.")

For GDR enterprises this would mean significantly more intensive communication and cooperation with major

Western firms. Naturally that would also have consequences for the GDR's internal organization. Information policy would have to become more open, experts exchanges and perhaps educating students in the West (danger of a brain drain) would be a necessary precondition for know-how transfers.

All experience heretofore suggests that success in international competition goes along with large-scale technology imports. This is particularly apparent in the case of the Asian threshold countries. It seems improbable today that a country not importing on a large scale can produce a wide range of competitive products. The GDR, on the other hand, is pursuing more of an import substitution policy.

Given the East European countries' bad experience with imports of Western technology, the GDR's policy may be understandable, but such a policy appears to make it impossible for a country to produce world-class technology (regardless of its economic system).

Finally, the CEMA market, too, is affected by world market trends. In order to avoid being totally cut off from international technological developments, various CEMA countries—particularly the USSR—have begun to open up. Internally, CEMA is looking for new trade mechanisms. Hungary is demanding the "dollarization" of CEMA trade. If this occurs, CEMA partners, too, will be able to make comparisons with purchases in the West, which will strengthen the West's competitive position inside CEMA.

Poor economic results, particularly in the USSR, are already causing CEMA trade to stagnate. Since 1986 GDR exports to the USSR have been declining. If the USSR suffers a more serious economic crisis, reductions in Soviet imports would be probable, which would particularly hurt the GDR.

Just a few years ago it seemed more likely that the CEMA countries—more or less cut off from the West—would also organize an increasing exchange of technological goods among themselves. If, however, CEMA is no longer developing into a relatively autarkic trade and technology community, that will hurt the GDR's chances of converting its relatively superior technology into extra profits inside CEMA. The chances are declining that the GDR will be able to use the CEMA market to exploit the advantages of scale in production with falling average costs.

Well then, is the dominant role of electronics a threat or an opportunity for the GDR? The GDR recognized microelectronics' significance for future industrial developments later than the West but earlier than most CEMA countries. It concluded that it should attempt to master the entire production cycle in virtual autarky. It is often said that this was due to COCOM [Coordinating Committee] regulations, which compel the GDR to produce its own goods. However, it appears that over and above this, the GDR considered a maximum degree of autarky desirable, since the example of Hungary

shows that it was possible to take advantage of trade with the West in many cases despite COCOM.

The declared goal of GDR policy was first to create an export basis (in the West) and second to achieve major productivity gains in its domestic economy.

Even if the GDR forges ahead with the "electronization" of its economy, in the medium term at least we cannot expect any significant productivity gains. There is the additional fact that in general data processing and the associated opportunities have less effect on planned economies than on market economies. Because mere numbers are less and less significant in high-tech products, the lack of prices or the use of false prices has all the more effect. It presents additional difficulties for effective use based on profitability calculations.

Following world trends (e.g., "use of flexible data processing centers in production of small or medium-sized lots") is a poor substitute. Optimistic Western predictions have often been taken over uncritically because there is virtually no way to correct them on the basis of profitability calculations of their own. Furthermore, in many cases the GDR simply lacks the infrastructure—the qualitatively adequate telephone lines or data networks—that really makes productivity gains possible.

In the final analysis, in the market economies the dramatic reduction in the cost of information has not only significantly accelerated the transmission of information but also enlarged the markets and made them freer. Market mechanisms are becoming more effective. One eloquent example of this is the many innovations in financial markets, which have undoubtedly become considerably more efficient. These effects are not possible in the GDR's planned economy and it is extremely doubtful whether it is possible to employ data processing to improve centralized planning in a similar manner.

In the microelectronics sector the GDR has made major technological strides through its own efforts. Nonetheless, it still lags significantly behind the West in technology. More important in this context than technological capacity is the question of profitability and of future market opportunities for GDR microelectronics. In view of the high cost the GDR has paid for these developments (14 billion GDR marks so far to develop electronics) this development strategy will pay for itself only if the GDR can sell the products of its electronics industry in the West as well as in the East.

The GDR would like to become active in various sectors of Western markets. For the immediate future, it has announced plans to enter the lower end of the market for CAD [computer-assisted design] equipment. For the more distant future, it has been sounding out its chances to sell customized components. In addition, the GDR particularly hopes to win export sales by combining electronics and machinery. So far the overwhelming majority of the GDR's export machinery has been equipped with Western guidance systems to keep them

competitive. The percentage of imports destined for the metals industry's export products is rising.

These goals will have to be achieved in a market characterized by a strong tendency toward concentration, close cooperative ties, and massive state aid to Western electronics firms. Both Western Europe and the United States are increasing their efforts to catch up with the Japanese lead and win market share.

In such a market the GDR will probably have little hope of succeeding with standardized products like memory chips by means of price competition. This becomes clear when we look at the quantities involved. This year the Karl Zeiss Jena Combine is supposed to produce 500,000 256-kilobyte memory chips. In 1990 it will produce 1 million 1-megabyte chips. Siemens, on the other hand, which by world standards is among the smaller producers in this sector, is currently producing 2 million 1-megabyte memory chips a month, and it has yet to make a profit. Given the rapidly declining cost curve for such production, it is clear that GDR production is very much a loss-making proposition.

Thus the GDR's only hope to sell its goods is through product specialization and the seizure of market niches. However, these products, particularly capital goods, are often not very price-elastic. This means that price competition, the normal method used by those entering the product cycle late, is not very effective. In addition, such a strategy requires the manufacturer to maintain very close ties with the customer, which again is not exactly a strength of GDR enterprises. For all these reasons, the GDR will succeed with this strategy only if it is able to arrange cooperation with Western partners.

Grave dangers may also await the GDR in the CEMA market. To the degree that Western export controls (COCOM) are eased and evaded, the GDR's own electronics products will very rapidly lose their attractiveness. There are good reasons to believe that this will happen or that it is already happening.

For instance, Western export controls already allow the sale of the Intel 80286 processor (12 MHz), which very closely approaches or actually exceeds GDR performance standards. It is a well-known fact that most CEMA countries already possess a large number of Western computers which are not state of the art but still fall under the COCOM ban (today). These computers are generally far superior to their GDR equivalents. How openly such "illegal" imports are traded becomes clear from a March issue of the Soviet daily IZVESTIJA, where an ad offered Soviet customers computers based on the Intel 80386 processor, which is banned by COCOM.

For the future, it is obvious that we should expect a constant acceleration in technological development, with COCOM removing more and more products from the bottom portion of its list. In a sense, the COCOM list begins where CEMA's best technology ends. Often that is GDR technology, which means that the removal of



products from the COCOM list represents additional competition for it in particular.

Furthermore, the acquisition of such technologies will be simplified as the Asian threshold countries increasingly produce them. All these developments must be viewed as direct competition for the GDR's top products on the CEMA market.

In this connection it is also interesting to note the USSR's decision to purchase 200,000 personal computers from Siemens AG over the next 3 years. This purchase is noteworthy not only in comparison with Soviet production (1988: about 100,000) but also in comparison with Soviet imports from Robotron in the GDR (1988: over 10,000). Hungary in particular—but also Poland—are already purchasing an increasing portion of their electronics from the West.

### Combine Director Warzecha Details Economic Problems

90EG0060A East Berlin BERLINER ZEITUNG in German 2 Nov 89 p 11

[Interview with Dr Heinz Warzecha, general director of the "7 October" Combine, by Dieter Resch: "How Should We Configure the Productivity Principle?"; date and place not given; first paragraph is BERLINER ZEITUNG introduction]

[Excerpts] One of the central points in the current debate on domestic policy is the irrational nature of pay policy, subsidies, and social services. There is wide public disagreement, not least among economists and academics, as to the causes and urgently needed changes, but virtually everyone considers effective implementation of the productivity principle a critical point if we are to resolve the manifest contradictions step by step. To do so, we need to look critically at the status quo, and above all to offer proposals for far-reaching changes. BZ [BERLINER ZEITUNG] spoke with the general director of the "7 October" Machine Tool Combine, Dr Heinz Warzecha.

BZ: Comrade Warzecha, what would you like to see come out of this nationwide debate on the productivity principle?

Dr Warzecha: The success of the socialist restructuring of our country will depend to a decisive degree on developing the productive forces of the economy. In many sectors, the supply of food, consumer goods, and services is not what citizens of one of the 10 leading industrial states are entitled to expect. Whether we like it or not, people compare things here with things in the FRG and other capitalist states. When a GDR citizen sees a department store over there, he doesn't balance against that the fact that his children are guaranteed vocational training, for instance. What we do have on our side of the scale is a presumption in favor of socialism. [passage omitted]

BZ: We'll have a passport law soon. What will that lead to? A powerful argument for returning to the GDR and staying here, or facilitation of a new mass flight?

Dr Warzecha: Many citizens will opt for our GDR when we can propose to them, inter alia by clear plans for economic development, how they can identify with the GDR not only in the individual anonymity of large masses but also in the family.

I would like to see the mass debate on the productivity principle lead to a significant rise in productivity, as demonstrated in earned foreign exchange, secure raw material imports, and an increasingly attractive supply of goods and services. Those who produce more have a right to more pay, and this linkage—expressed in numbers—must be clear to every citizen.

What do I get for my money? That's got to be clear too. We've got to put an end to the policy of creeping, half-concealed inflation, particularly for certain consumer goods which are bottom grade or at best medium grade in international terms, even though they're sold in our finest stores. It's getting harder and harder for people to see what they can get for the money they've earned. That reduces their direct, personal material interest in increasing productivity.

Let's be frank: the productivity principle has been thoroughly distorted. We need to be open and honest. The annual inflation rate must be made public, the government should discuss its causes and how to deal with it with the people and report on it in the People's Chamber.

BZ: What kind of role must the unions play to ensure that we really implement the productivity principle in the future?

Dr Warzecha: I've belonged to the union for over 40 years. The union ought to try to protect us all against developments such as we've experienced in the past in the linkage between pay and productivity. What I mean is that the pay scale should move in accordance with changes in productivity and the inflation rate—for that we need pay negotiations and agreements between the FDBG [Free German Trade Union Federation] and the government, and they would have to be kept constantly up to date.

BZ: That's one important element, but it's still the government's responsibility to lay the groundwork for high productivity in all sectors.

Dr Warzecha: We need to create a social framework in the GDR that encourages productivity. I could offer some suggestions in this regard: basic decisions on economic development must be made by competent people after thorough discussion with the grassroots, by people who will have to account for success or failure and take personal responsibility. As general director of a major combine I have found a terrible lack of such discussions in preparation for decisions, some of them involving large sums of money.

For instance, the decision on the NSW [nonsocialist economic area] import of machine tools worth billions was made from above, without us, we were consulted only about the details of its implementation. Anyone who believes people had a real say in that decision is wrong. Hundreds of millions of foreign exchange marks could have been used far, far more effectively, I believe. The same is true of the decision a few days ago to import additional consumer goods and food. I wonder whether the respective general directors, who will be responsible for the bottom line, were even consulted.

So I agree when people demand that the government should finally exercise its constitutional rights and duties and really take charge of the economy itself, guide it intelligently. For years the entire economy has been functioning according to plans that only partially balanced. Semifinished products from the chemical, metallurgical, electrical engineering and other industries were exported directly and thus were not available for higher-value-added levels of production. The right hand often doesn't know what the left is doing. [passage omitted]

BZ: If I understand correctly, the Politburo and People's Chamber were presented with plans that were mere facades, i.e., had nothing substantive behind them. They therefore led to improvisation, excessive costs, and chronic reductions in plan targets, and the central control apparatuses probably were used more to cover up than to uncover these contradictions. What specifically must we do?

Dr Warzecha: The two times our new General Secretary visited our main plant, I spoke frankly to him about these problems, which show up as an increasing collapse of the chain of economic cooperation. From my own experience, I'm certain that Comrade Egon Krenz is helping to prepare and implement the promised changes. In sum: clear central authority, democratically-arrived-at basic economic decisions, and the productivity principle are inextricably intertwined—we've got to realize that. I believe there's yet another central problem in implementing the productivity principle. Productivity isn't just hard work, it also presupposes that the work itself is socially worthwhile.

This is to raise the issue of the optimal distribution of social labor resources among the material and nonmaterial spheres, among the various branches of the economy. For instance, the "7 October" Combine does not in general need more workers to further develop its qualitative and quantitative productive capability. Today we've got just 23,000 people. We could get by with 2,000-3,000 fewer without suffering any loss of productivity at all. On the other hand, however, the decisive factor limiting our productivity is the lack of a few hundred production workers in the mechanical production sectors of our combine.

BZ: What practical steps could be taken?

Dr Warzecha: A large portion of the well-trained young skilled workers we need are in the armed services. I

suggest that the combines in the machine tool and manufacturing machinery sectors are the source of such efficiency and foreign exchange that it would be economically worthwhile for a few years to allow young people to work shifts in mechanical manufacturing instead of doing military service. Just how badly do we need foreign exchange? That is, I admit, a somewhat demagogic question. I know very well that we need it urgently. How long we would need to permit this sort of alternative service would depend on how long it takes the apprentices we're training to fill these gaps. [passage omitted]

BZ: Certainly that's just one side of it. What about managers?

Dr Warzecha: Our management structures are too complicated. Thousands of people in our combine could take on socially more useful jobs if, for instance, those who are the primary cause of the high cost of management in state and social organizations also took on useful jobs.

To cite another example, in my main plant's Large Parts Production Division, three skilled workers have been transferred to light work because they've been waiting for months to have an operation. Wouldn't it be extremely valuable for all of us if in the future our managers could help doctors and nurses in their often demanding work? How many lost hours of work could we save if managers from the so-called apparatuses and from enterprises could take on jobs that need to be filled in trade and industry? That would have a positive effect on productivity in the economy.

As a necessary social structural change, we would have to implement the transfer of workers out of the bureaucracies humanely, avoiding excessive suffering. That would permit several hundred thousand additional citizens to contribute to infrastructure development. [passage omitted]

BZ: Not the least of the demands posed by the productivity principle as a decisive driving force for improvements in labor productivity is the demand for clearer wage and salary distinctions between skilled and unskilled labor. What do we need to do in this connection?

Dr Warzecha: Our country is small and poor in natural resources. Truly, it can progress only if we make more market-effective use of all materials across the board. But we can make no real gains in this respect without a significant improvement in productivity among scientists, designers, technical workers, and highly trained skilled workers. Whether or not our restructuring is an economic success will depend on these people's high motivation. Gradually—to the degree that we can obtain the necessary resources—we should significantly improve skilled workers' income, moral stimulation, and old age pensions. Skilled labor must be worthwhile in the GDR too, must be the basis for a higher living standard than for less skilled workers.

This includes effective incentives for managers. Above all, I'm thinking of masters who earn several hundred marks less than their average good skilled worker. And by the way, that's not because the general director doesn't have any money for the masters, it's because their pay is fixed by decree. Even auditors who are rank beginners quickly spot violations of those regulations. It's getting harder and harder to get capable people for management jobs. There's an immense gap between the increase in responsibilities and the increase in pay for a new enterprise director, for instance.

BZ: Violations of the productivity principle have negative consequences everywhere. We know from studies that throughout the economy people do not work the hours they're supposed to. What conclusions would you draw from this fact?

Dr Warzecha: It's a fact that with the real productive hours people work today we cannot achieve the material living standards of the Western industrial nations.

To me, therefore, the restructuring of our society means not least a great movement to develop a high degree of labor discipline. We cannot go on uncritically paying for work that's not performed. But we also need to create better conditions than in the past for workers to ensure that if they work well, they can always fulfil their wishes. That's a challenge for all managers.

BZ: The discussion of the productivity principle also includes the issue of subsidies. Don't they also distort the productivity principle?

Dr Warzecha: The subsidies in our economy do in fact distort productivity. Trained scientists and skilled workers get the same 2 mark subsidy for a loaf of bread as unskilled workers. In the final analysis, the productivity principle is almost totally ignored when we calculate the "first" and "second" pay packets together. We could make big savings in our economy, stop waste.

For instance, the GDR has just spent 350 million marks of foreign exchange to buy fodder grain. If the price of bread were such as to limit waste, we could certainly have reduced or avoided that.

I see a particular need for cuts in subsidies to limit consumption of bread, electrical energy, and housing. But we can't rob people. In other words, the money saved by reductions in subsidies should be returned to all strata of the population via wages and salaries, in accordance with the productivity principle.

There are many sides to the productivity principle, and I've been able to go into only a few of them here. But I wanted to add this thought above all to the great debate: the productivity principle isn't just a few marks more or less in the pay envelope, it affects decisive economic relationships. My party, the SED [Socialist Unity Party of Germany], to which I have belonged for over 40 years, is challenged to present a plan for broad popular discussion in the shortest possible time. That plan, along with the

proposals of all other social forces, should meet citizens' demands and expectations and be designed to make our country so attractive that all citizens will happily make it their home. Including those with passports.

### Schwerin Air Pollution Figures Published

90EG0073A Schwerin SCHWERINER  
VOLKSZEITUNG in German 8 Nov 89 p 3

[Unattributed report: "How High Is the Pollution Level in the Area (Bezirk)?"]

[Text] Schwerin—The Schwerin Bezirk Council has for the first time published environmental pollution data. The following report was sent to the ADN press agency.

The Bezirk Hygiene Institute has since 1974 conducted air pollution measurements, as decreed by law, using a measuring vehicle and also taking readings at four fixed locations in Schwerin, Guestrow, and Wittenberge. The objective is to conduct continuous monitoring of air pollution.

The main sources of the three pollutants which were monitored primarily, sulfur dioxide (SO<sub>2</sub>), nitric oxide (NOX), and dust, are motor vehicles and heating plants which causes an uneven distribution of degree of air pollution. It is heaviest in the bezirk capital, due to the presence of industry and traditional heating methods in the city center, as well as in Wittenberge and Guestrow. Monitoring activity by the air hygiene institute is concentrated on these main areas; all things considered, the bezirk shows a relatively low amount of air pollution.

Measurement results are periodically analyzed, using long-term comparable values and with a view to legally established permissible maximum amounts.

Thus for October 1989, the following results were obtained:

	Microgram SO <sub>2</sub> per m <sup>3</sup> Air
Median value for the month	33
Highest median value for 1 day (19 Oct 89)	92
Lowest median value for 1 day (1 Oct and 22 Oct 1989)	5

The permissible long-term threshold value is 150 micrograms per m<sup>3</sup> of air; the permissible short-term threshold value (for a maximum of 30 minutes) is 500 micrograms. None of these values were reached in October. SO<sub>2</sub> levels above 600 micrograms trigger the first smog alarm phase.

Additional findings, for Wittenberge and Guestrow as well, are published periodically in the press.

## HUNGARY

### MNB President Explains IMF Loan Inspired by Common Market

25000539B Budapest NEPSZABADSAG in Hungarian  
20 Nov 89 p 1

[Interview with Ferenc Bartha, president of the Hungarian National Bank [MNB], by M.G.: "What Do We Need That 1 Billion For?"]

[Text] On Sunday [19 Nov] we asked Hungarian National Bank President Ferenc Bartha what the source of the present Common Market initiative is.

[Bartha] First of all I would like to remind you of the memorandum the Hungarian government presented in Brussels. That memorandum mentioned the need for such a bridge loan. Thereafter the idea was brought up by the Belgian finance minister at one of the Common Market financial conferences. That conference reacted favorably to the idea, by saying that the Hungarians must present a viable program and that they must reach an agreement with the International Monetary Fund [IMF]. A stipulation was made that the credit support must serve in part to settle the payment situation, and in part to further structural transformation.

[NEPSZABADSAG] Why didn't the Common Market leaders themselves grant this 1 billion, and why did they request this amount from the IMF?

[Bartha] It has been publicly known for quite some time that various Western governments and organizations are prepared to support Hungarian structural transformation—the modernization of the economy. At this time, when Messrs Delors and Dumas held negotiations in Hungary, we sensed that it would be of fundamental importance to this country to obtain a short-term loan, to serve as a kind of assurance for a normal political transition and for the realization of plans for economic reform. In other words, what we need is a so-called standby loan, a fund on which we may draw if we encounter difficulties at the normal money market. One must realize that these markets are becoming uncertain this can present a fundamental threat to the appropriate implementation of the economic program [as published].

[NEPSZABADSAG] What are we going to do with this money in the end? Could it be spent on consumption?

[Bartha] That would be out of the question. We need this money now to provide financial security until the end of April, at which time another installment payment of approximately the same size is due. We may repay this money, or convert it into a medium-term loan if we do not use it. We cannot risk encountering a situation in which our reserves become fully exhausted as a result of making installment payments. A situation like this would certainly endanger the transition, and would upset the economic programs to be implemented. Medium-term loans would also originate from the IMF, and this

would be supplemented by structural transformation loans received from the World Bank. This would be further supplemented by the promissory note we received from the 24, from the European Community, which would also serve to finance Hungarian economic transformation.

I regard the present credit as significant from the standpoint that it provides stability, increases the confidence of the international money market in Hungary, and at the same time prevents panic, which would render the implementation of certain emergency measures unavoidable.

### MDF Economic Policy Platform Described

25000528 Budapest FIGYELO in Hungarian  
12 Oct 89 p 10

[Article and interview with Gabor Szeles, Hungarian Democratic Forum (MDF) industrial policy author and president of the Instrumentation Technology Cooperative, by Andras Varga: "Hungarian Democratic Forum: 'Return to the Community of Developed States'"]

[Text] Up to now the MDF has been under crossfire because, unlike a few other political organizations, it did not produce an economic policy concept. In last week's issue of HETI VILAGGAZDASAG, Laszlo Lengyel raised the question of whether such a policy concept exists at all. Meanwhile, however, with its growing popularity and political weight, and as a result of its position, the MDF is increasingly drifting toward being compelled to form a possible—coalition—government. Perhaps these critical voices prompted the organization to report its economic policy goals, now that its second national meeting, to be held 20-22 October, is rapidly approaching.

The MDF has developed a program for economic policy in general, as well as for industry and agriculture. It also developed social policies. All these have been prepared in several forms: briefly, at medium length, and in detail. The MDF plans to publish its program in book form once it is approved by the national meeting. While at the time of the first national meeting last March the weakest link in the MDF program was the economy, today it is the most substantial part, according to the MDF presidium.

What is the difference between the MDF economic policy program on the one hand, and today's practice on the other? By the latter we mean the economic policy conception developed by the government's Economic Reform Committee. The MDF program does not build on the primacy of the state. As opposed to the etatist outlook of such an approach, the MDF program intends to have as its base the strong individual and autonomous governments. The MDF would like to aim primarily for an expanding, increasingly wealthy middle class which does not yet exist; therefore this class must be established. The MDF makes reference to the fact that this stratum also serves as a base for developed consumer

societies in the West. A propertied Hungarian middle class may start out from two directions, from industry and from agriculture, based on today's small entrepreneurs and private farmers. The likelihood that this middle class would evolve from the moneyed world is hardly conceivable at present, because banks will remain the property of the state for a long time to come. The role to be played by small existences and enterprises of a family character is very important.

Competition neutrality does not exist, it was said at the press conference that reported the program. But this is meant precisely to enhance the main goal. The system that assists small and medium-sized ventures must be extended to provide advice to help in the establishment of the venture, the establishment of an organizing and financial institutional system, securing a plant location and the infrastructure, temporary tax benefits following establishment, the support of engineering development, and a financing system.

Unlike in present practice, MDF's leading economists intend to realize renewal not as a result of monetary constraints, but in response to an invigorated economy, by stimulating supplies. As part of this program they urge that the entire taxation system be reviewed. Entrepreneurial profit taxes must be reduced to the same levels that apply today to certain enterprises and to foreign investments. In terms of income taxation a possible choice between individual or family taxation must be established. Using their own property and revenues, settlements must become independent actors in the marketplace. To enhance this change, local autonomous governments must be able to independently dispose over a significant part of the taxes.

The financial policies to be followed must project budgetary stringency. The MDF regards postponement of large energy related investments, the radical reduction of current and developmental subsidies provided to large organizations, the reduction of uneconomical agricultural and industrial exports, and the reduction of state and council expenditures—the latter paralleling the development of local autonomy—as the main areas where savings can be realized.

The MDF's economic policy program also states that since the organization does not shrink from taking unpopular steps in the interest of the future, it is aware of the fact that workplaces must be discontinued, factories must be shut down, and a number of office jobs will become superfluous as a result of the economic crisis. At the press conference which reported the program and—not coincidentally—the importance of doing everything possible not to permit the standard of living to deteriorate further and to reduce unemployment to a minimum was underscored. In response to these matters the MDF developed a social policy program which contains various crisis management elements. It mentions retraining, regional and per industry branch crisis management, and reduced working hours, but perhaps most important is the idea that parallel with the dismissal of workers from

large enterprises the number of small and medium-sized enterprises should grow so that they can absorb a large part of the labor force that becomes available.

Presidium member Tamas Szabo separately stressed the fact that one of the chief advantages of the MDF program, as compared to others is that the MDF has methods, an implementation system, in other words a detailed schedule for the realization of most concepts. This applies, for example, to the changing of proprietary relations both in industry and in agriculture, and we will return to these shortly on the pages of FIGYELO.

As a closing thought from the program: "The MDF rejects all forms of social experimentation with the people.... Hungary can return to the community of developed states only by preserving its national identity consciousness and its peculiar features." Whether the concept the MDF is trying to describe is the appropriate approach will be determined in the future, provided that there is an opportunity to realize the concept. Meanwhile, Hungarian economists may begin debating the program....

#### Pacing the Transformation

Recovery from the country's extremely severe economic situation is possible only by changing the model. The essence of such a change is a review of international economic relations, of our economic management system, and of our microeconomic and macroeconomic structure.

Forestalling further deterioration of the balance crisis was the goal of the economic stabilization program announced in 1987. This did not come about. The country's indebtedness increased further. The \$18 billion cannot be repaid under the present situation of the economy. A debt like this can be repaid only by a well functioning Hungarian economy in the long term.

Paying off our debts over a longer period of time will be possible only if the transformation of the economy both at the microlevel and the macrolevel begins immediately after the coalition goes into effect.

At least three periods must be distinguished from the standpoint of transformation:

- A 6-month period following the establishment of a coalition government;
- The period between 1990 and 1992;
- The period after 1992.

Both an external and an internal economic strategy must be developed for these three periods.

The most important organizing principle in all three phases is:

- Transformation of international economic relations, the stimulation of the influx of operating capital;

- Stimulation of the economy;
- An efficient structural transformation program;
- Forestalling a further decline of the standard of living.

Tasks to be performed during the first 6 months following the establishment of a coalition government:

State apparatus staff must be reduced to a minimum, thus partly reducing the budgetary deficit, and in part strengthening the professional standard and dignity of the ministerial apparatus. Having a National Planning Office [OT] of the present size is unnecessary. Similarly, it is unnecessary to have as many parts of industrial management as we have now: the institutions of the Ministry of Industry, the National Technical Development Committee [OMFB], the OT, the Commerce Ministry, the Chamber, the Ministry of Finance, and the Hungarian Academy of Sciences [MTA]. In replacing all these it would suffice to have a Ministry of Industry with a strong and appropriate group of experts, complete with a professional management apparatus.

The OT should be merged into the Ministry of Commerce, considering the fact that the OT is one of the last remaining fossils of the stalinist plan directive system. Instead of an OT it would suffice to have a working group similar to the Planned Economy Institute, which would serve as a direct adjunct to the government. Its primary purpose would be to improve work between the government and Parliament relative to medium- and long-range planning. Short-term planning should be left to the ministries.

The other existing organization which is equally suited to participating in the resolution of the government's short-, medium-, and long-term tasks from the standpoint of development and developmental concepts is the OMFB.

The OMFB must return to the performance of its original functions. New tasks to be added to its old tasks are:

- Greater participation in preparing economic policy decisions;
- Definition and conduct of regular examinations at the industry branch level of added values. Added values must be determined and changed with regard to industry branch levels on the basis of momentary and anticipated industry branch background technologies;
- A much greater expert participation in the development of background technologies at the industry branch level;
- Transfer of the results of engineering development to the economy, and the enhancement and control of such transfers;
- Establishment of associations to enhance engineering development.

The emphasis on monetary policy must be changed so as to stress industrial and economic policy. The experience

of the past 8 years has proved that the government's financial policies lead nowhere. These policies urge increased taxes only, reduce entrepreneurial initiative, and inhibit enterprise growth.

Negotiations must be held with socialist countries in order to develop economic relations of a different character, and about a changeover to settlement in dollars.

The chief economic tasks for the period between 1990 and 1992:

- Structural transformation, and the changing of production structures. A primary goal is to stimulate joint enterprises.
- Supporting industry branches suitable for development by small and medium-sized enterprises.
- Changing the proprietary system (reprivatization).
- Strengthening the profit motive (reduced profit taxes, investments, tax benefits, etc.).
- Reducing large investments to a minimum.
- Development of a new kind of energy and raw materials policy.
- Partial introduction of dollar-based settlement relative to trade with the Soviet Union. Regulation of the trade balance on a barter basis.
- Development of conditions for joining the Common Market.

Tasks for the period after 1992:

- Exclusive dollar-based settlement in economic relations.
- Joining the Common Market or the establishment of a closely tied associate relationship.
- Limitation of state intervention to a minimum. (Details from the conceptual plan of the MDF industry policy group.)

### The Compulsion To Change

[FIGYELO] The economic program plan developed for the second national meeting indicates that a change must be accomplished in the settlement system related to CEMA. Just how important is this issue to the MDF?

[Szeles] One of the two huge problems that face industrial structural change is the unorganized relationship with the socialist market, and primarily with the Soviet market. This is a key issue because 50 percent of large enterprise production is directed toward that country. Under today's settlement system it was possible for a withdrawal and subsidy system to evolve as a result of which enterprises are simply unable to see clearly. And at this point I have not mentioned the fact that because of import liberalization the dollar outflow to the Soviet Union is on the increase, in exchange for soft products. At present, the Hungarian-Soviet relationship is in the

hands of a well organized state group, whose existential interest it is to maintain this system of withdrawals and subsidies. This is because as soon as that system ceases to exist the value of everything either this way or the other way would become apparent to enterprises, and from that point on their role would disappear. In the course of negotiations concerning settlement in dollars it could be seen that the greatest regressive force is the OT and the Ministry of Finance. Since products are not sized up in the real, actual market, a mafia practice has evolved, not only on the part of the institutions, but independent from that, also in implementing practical commercial transactions, and allow me not to name the center of that mafia practice. To top it off, this matter becomes even more complicated because here we are already talking about an international mafia. Hungarian-Soviet mercantile trade will remain devoid of ethics as long as there are no healthy market policies, and no dollar settlement.

[FIGYELO] Transition is costly, at least that is what calculations show. They indicate that a changeover to settlements in convertible currencies would cause a \$1.5-\$2 billion loss to the Hungarian economy. How well founded do you think these figures are?

[Szeles] These figures have no realistic basis. The OT developed only static figures which start out from fundamental formulas, such as Hungary receives personal cars in exchange for buses, and if business is unchanged, the transition to settlement in dollars would be disadvantageous for Hungary. Why is this not true? The moment the Hungarian manufacturer is not obliged to sell the bus for rubles, but may request dollars instead, he can put a Mercedes engine into the bus, as a result of which the value of the product will increase, but it will still not reach the price of a Mercedes bus. Accordingly, it will still be in the Soviet interest to purchase Hungarian buses. In addition, from that point on the Hungarian manufacturer will not have to be a loss operation, and he will no longer need price subsidies. Incidentally, and Hungarian enterprises are aware of this, it is no coincidence that a majority of the enterprises support a changeover to settlement in dollars. And this is not all there is to it. In their calculations the official institutions did not consider the fact that some new lead industry branches may join in trading, such as electronics and computer technology, whose exports have thus far been limited to the Soviet market because of the high prohibition on imports payable in foreign currencies.

[FIGYELO] How could the changeover to settlement in convertible currencies be accomplished in the MDF's view?

[Szeles] That is a dual task. The changeover must be accomplished as soon as possible; at the same time, however, one has to be cautious. The large enterprises must be evaluated as to which ones could work within a different settlement system in the Soviet market provided that they changed their product structures, and which enterprises could not, and what kind of temporary subsidy could be provided for these and what kind of strategy should be developed. In our view the transition

must take place in two phases. In the first phase—in 1990 and 1991—settlement should be accomplished in four major categories. One would be settlement in convertible currencies for those product groups for which Hungary has liberalized its imports. Another channel would be that of a continuously narrower contingent, the third would be that of barter, and the fourth would represent demand over and above the contingent, once again with settlement in dollars. The first category must be thoroughly detailed because of the need to have new lead industry branches join. The second phase would begin in 1992. At that point settlement in convertible currency in the framework of Hungarian-Soviet mercantile trade would cover all transactions.

### Bank Credit Card Introduced

25000539A Budapest FIGYELO in Hungarian  
16 Nov 89 p 15

[Unattributed article: "Banking Novelties: Dunabank Card, OKHB Stock"]

[Excerpt] Cash saving methods of payment are still in their infancy in Hungary. Considering this, the fact that Dunabank, Inc. has undertaken the issuance of credit cards is a pleasant and positive development. One can buy consumer goods and services with a Dunabank credit card, and may obtain cash at the bank's automatic teller machines. The cards will be accepted by stores displaying the Dunabank emblem, including department stores in general, Ofotert, Muart, Azur, Apisz, and Roltex stores, as well as Afor and Shell-Interag gas stations.

Dunabank issues blue cards for private persons, silver cards for enterprises, and gold cards for enterprises and private persons with an outstanding credit rating. Gold cards are issued on the basis of a credit check. In order to obtain a credit card, private persons must deposit 5,000 forints, and enterprises 50,000 forints, into the account that is administratively tied to the card. Card holders, or in the case of institutions persons authorized to use the card, may charge purchases to the card up to the amount available in the account, or up to the credit limit granted. Charges exceeding the established limit—the forced granting of credit—are subject to the payment of interest at an annual rate of between 25 and 30 percent. Dunabank has established a credit card directorate for this line of labor intensive banking activity. [passage omitted]

### POLAND

#### New Impexmetal Director on Export Possibilities, Banking Problems

90EP0144B Warsaw ZYCIE WARSZAWY in Polish  
20 Oct 89 pp 1-2

[Interview with Edward Wojtulewicz, executive director, CZH Impexmetal, by Oskar M. Bramski: "I Propose Normalcy"; date and place not given]



[Text] [ZYCIE WARSZAWY] You won the competitive appointment and, as of 1 September, you have been managing Impexmetal. How did you convince the search committee to select you?

[Wojtulewicz] I would like to apply to Poland the principles and experience that I learned while managing a firm under Belgian law. I had declared to the search committee that I was not going to introduce anything extraordinary and simply want to make of "Impexmetal" a normal enterprise, such as exist in hundreds in the West and are characterized by orderliness, easy communications with domestic and foreign partners, a specialized workforce, and commonsensical wage regulations. Thus the solutions I proposed are based on normal commercial principles. In addition, I desire stable regulations. During the 5 years of my work in Belgium the regulations governing the management of the enterprise which I had directed have never been changed even once, and during all that time there was only one inspection and it lasted 4 hours, including lunch.

[ZYCIE WARSZAWY] Mr Director, you have been at Impexmetal for more than a month now. This may be too short for you to reach any far-reaching conclusions, but could you tell me what surprises you have encountered?

[Wojtulewicz] The system for cooperation with Polish banks must definitely be improved. I simply cannot believe that banking costs account for 60 percent of all of this firm's operating costs, while wages account for less than 1 percent. In Belgium these proportions are diametrically opposite.

[ZYCIE WARSZAWY] A few words about Impexmetal?

[Wojtulewicz] Our agency will soon celebrate the 40th anniversary of its existence. It has become chiefly specialized in trade in nonferrous metals, precious metals, industrial diamonds, and ball bearings. It was established during the so-called Cold War when the West had imposed an export embargo on many commodities, including the bearings. This accounts for the strange assortment of the products we deal in. Thus, at the outset the telephone number of our agency had been a state secret and the persons working for it were expected to keep secret about it. At that time trade consisted in handing over a briefcase containing money and, in return, receiving goods from certain officially prohibited directions.

At present, next to CIECH [Import-Export Center for Chemicals and Chemical Equipment], we lead in trade with Payments Area 2 [capitalist countries]: our exports there exceed US\$850 million and imports US\$400 million. In trade with Payments Area 1 [socialist countries] our exports reach 150 million rubles and imports 200 million rubles. Our agency reached its peak growth in the 1970s following the discovery of copper deposits in Poland. After the Legnica-Glogow Basin became developed, we turned into a leading world exporter of copper

and silver. Moreover, our services, which not only provide quality but also are low-cost, are attractive to partners from industry, with most of whom our relations have been not only longtime but also quite amicable.

[ZYCIE WARSZAWY] But the time of euphoria is over, as it were, and you and your colleagues are being reproached for focusing on selling raw materials instead of highly processed products.

[Wojtulewicz] This is not quite true. I agree that highly processed products should be exported. But there is a certain level of production in Poland. That is for the first. Second, the West European countries and the United States which sell us the related technology, such as copper-rolling technology, impose on their exports of such technologies high protective tariffs which completely offset the added value. And yet in practice we guide ourselves solely by the principle of profit maximization.

[ZYCIE WARSZAWY] What then are your export possibilities?

[Wojtulewicz] In recent years the volume of trade, especially export trade, has ballooned. But I am apprehensive of the future, owing chiefly to the [introduction of] work-free Saturdays in the mining industry. Output will decline, and hence also the amounts available for export will decline. Still, we are trying to utilize the available productive capacity of the steel industry by bringing in raw materials from other countries.

[ZYCIE WARSZAWY] How do you view trade with the socialist countries?

[Wojtulewicz] I wish it would be based on normal commercial principles. Thus, graduated prices and prices figured in the domestic currencies of these countries should be abandoned in favor of prices figured in terms of hard currencies. Likewise, paradoxes such as the fact that we are purchasing goods from the Soviet Union via London, Paris, or Zurich, and likewise selling goods to our partner on the other side of the Bug River via the Western countries, should be stopped.

[ZYCIE WARSZAWY] Impexmetal is known in the commercial world for not only its purely commercial transactions but also dealings in the stockmarket.

[Wojtulewicz] Indeed. We are among the trading agencies which play the stockmarket, so far with results that are not bad. In recent years the money thus earned with our "wits" has reached the level of US\$10 million annually. I must admit that to me this is a favorite way of earning foreign exchange, without having to export or import goods. We have trained experts in this field, persons whom each year we send for training in various schools the world over. We also are going to expand our current network of foreign outlets, in the form of partnerships with foreign capital, with offices in Duesseldorf, London, Brussels, Paris, and Lausanne. This year we are opening two new firms with our participation, one in



Sweden and one in Singapore. In addition, we own shares in 10 joint-stock companies with main offices in Poland, and the Technodiamet joint-stock company has been, I am gratified to note, registered in this country as the second joint venture. We also intend to expand the scope of our commercial activities by adding new goods, whose exact nature is our trade secret.

[ZYCIE WARSZAWY] As a businessman you are most closely connected to Belgium, are not you?

[Wojtulewicz] Yes, I am even linked with that country by familial ties and sentiment. For it was there that my son Patryk had been born. My romance with Belgium began in 1974 when I was a commercial attache and commercial adviser to the Polish embassy in Brussels and the chairman of the Polish-Belgian-Luxembourg Chamber of Commerce. Moreover, for the last 5 years I was manager of F.L.T. et Metaux, S.A., in which Poland owns a 51-percent share. At the outset the volume of its trade was in several million dollars annually, but after 5 years, when I left it, that volume already reached some US\$100 million annually. F.L.T. Metaux thereby gained entry to the list of the 500 largest enterprises in Belgium.

[ZYCIE WARSZAWY] I understand that you were decorated with the prestigious Order of the Crown and awarded the valued international trophy, International Management Cup for Quality and Achievement. In a word, in Belgium you as a Pole were successful. Do you want to be a successful man in Poland too?

[Wojtulewicz] All I want is to work hard and, as I mentioned before, in normal conditions. I also would like to bring the performance of Impexmetal up to the standards expected of enterprises of this kind. First of all, there is the issue of communications, that is, telexes, modern telephones, complete computerization, etc. I also would like our performance to be evaluated according solely to the criterion of profits rather than to plan fulfillment or volume of trade. Likewise, I want to stop the outflow of individuals, including outstanding experts, making decisions that involve hundreds of millions of dollars, to smaller firms, because people like that represent unusually important capital to our enterprise.

### **Steel Exports Not Viewed as Cause of Lack of Consumer Goods**

90EP0144A Warsaw ZYCIE WARSZAWY in Polish  
23 Oct 89 pp 1-2

[Interview with Ryszard Harhala, director, PHZ Stalexport, by Oskar M. Bramski: "Steel Industry's Dilemma"; date and place not given]

[Text] [ZYCIE WARSZAWY] There are no washing machines, refrigerators, and vacuum cleaners in the stores. Mr Director, is it because your enterprise sells all of its steel output abroad?

[Harhala] You are greatly mistaken. We are not helping to bare the store shelves. The exports of metallurgical

products, both in quantitative terms and in terms of assortment, follow the central balance sheet for domestic output and demand. On the other hand, it is true that adaptability of the Polish steel industry to the needs of customers leaves much to be desired while the cost and scale of the needed investment outlays render the chances for improving that adaptability remote in time. Hence we are condemned to exports and imports of metallurgical products, although so far they have been regulated by administrative fiat as it were; in the future, however, in the event that purely market-based criteria are applied, greater opening to trade by both sides will be a consequence.

[ZYCIE WARSZAWY] Could you back this up with figures?

[Harhala] The share of metallurgical products in overall Polish exports hovers at 4 percent, while at the same time it accounts for barely less than 18 percent of the aggregate metallurgical output. The share of imports in overall Polish consumption of metallurgical products is half that last figure, i.e., 9 percent. These indicators are the world's lowest for the integration of domestic metallurgical industry with the world market. In the other socialist countries they range from 30 to 50 percent, while for West Europe they average 45 percent.

[ZYCIE WARSZAWY] And the consequences?

[Harhala] The rule for limiting exports, introduced 40 years ago, as well as various forms of restrictions on imports have resulted in an economically unwarranted curtailment of contacts with the world market. Of course, this has had a fatal influence on the structure of investments and production. We are markedly backward technically and technologically.

[ZYCIE WARSZAWY] But Stalexport last year expanded its exports to Payments Area 2 [capitalist countries] by nearly 40 percent while at the same time the level of its exports to socialist countries has remained unchanged, as it has been for a number of years.

[Harhala] We profited from, first, boom times and, second, the familiarity of our experts with the market as well as skillful cooperation with the steel plants, and, third the interest of our steel industry in exports. Our industry understands the need for presence on world markets as well as the fact that that presence affects the availability of hard currencies, which are vital to maintaining production.

[ZYCIE WARSZAWY] Stalexport is a monopoly producer.

[Harhala] This is not quite true. About 3 to 5 percent of the volume of steel exports and up to 2 percent of steel imports is handled by our competitors. This has of course its good sides, because it forces "my traders" to work more energetically. And that is, as it were, one side of the coin: the awareness of competition spurs inventiveness. But another side of the coin is the mixed

feelings experienced, particularly when this concerns trade with countries having firm currencies. Steel output in Poland is not rising; on the contrary, preliminary estimates for this year put it at a million metric tons less. Thus the supply will diminish but the demand rise, and buyers are not always familiar with the realities of the world market. In sum, therefore, sales cost is rising and the effectiveness of exports is declining. Of course, the situation would be completely different had the quantity of steel offered for sale increased, and Stalexport would then experience problems in sales abroad. But so far, for many years, the converse has been true. It is a seller's market.

[ZYCIE WARSZAWY] Do you therefore suggest a return to the old principles?

[Harhala] No, but I think that the adopted assumption that the steel industry should produce for domestic needs and consign its surplus for export is mistaken. I am in favor of the policy of opening to the world; this will serve to rationalize our operations. In other words, I favor marketizing the management of metallurgical products. The present situation in the steel industry and the decisions to introduce self-financing of the imports of steel plants from Payments Area 2 reinforces this idea. Our steel plants need US\$170 million for this purpose, if they are to maintain their own operations. Since they export about 9 percent of their overall output for US\$380 million but regulations permit them to retain for themselves only 20 percent of their foreign exchange earnings, they will have to purchase the missing US\$94 million at dollar auctions [organized by Polish banks]. But that US\$94 million greatly exceeds the zloty value of their entire income from exports as calculated according to the current exchange rate of the zloty fixed by the National Bank of Poland. Thus there arises a perilous situation ensuing from inconsistencies of the financial-accounting system. Any continuation of this situation will result in that our steel plants will lack the funds for the imports they need to maintain their overall output of approximately 12 million metric tons.

[ZYCIE WARSZAWY] In Poland 40 percent of steel is melted in highly energy-intensive and polluting open-hearth furnaces which have been shut down elsewhere in the world 30 years ago. To generate US\$1,000 worth of GNP we consume three to four times as much steel as the highly developed countries. To generate the same amount in trade with the capitalist countries we use double the weight of steel than our foreign partners. More such instances could be cited.

[Harhala] We have no alternative to opening to the world, as I already mentioned. Otherwise we will be shut out of the influx of new technologies and capital. It is obvious that, owing to ecological, power-generation, and economic considerations, the modernization of the Polish steel industry is necessary.

[ZYCIE WARSZAWY] In our present economic situation can we afford such decisions?

[Harhala] After all we have no alternative if we want to grow. According to estimates by experts, considerable demand for metallurgical products will persist on the world markets. This is, as it were, a generally favorable trend. Another, more specific, trend concerns our country. Mention is being made of selection of certain domains of the economy as locomotives of growth. I believe that the steel industry may be one of these locomotives. Why? The reasons are, I believe, very simple and measurable. For I believe that the steel industry is one of the few sectors in which we can rapidly and most easily catch up with the world's leading countries. Our production potential and the traditions associated with the occupation of the steelworker cause our backwardness in this field compared with the economically highly developed countries to be relatively smaller than in other fields. More even, we have a highly skilled workforce and outstanding experts. That workforce can adopt relatively rapidly the latest technological achievements of the world steel industry. There are many Western customers who are ready to invest in the Polish steel industry. They are attracted by our low production cost and the huge absorption capacity of the market of both Poland and the neighboring countries for highly processed metallurgical products.

This is the right direction. That is why Stalexport not only is concerned with favorable trade contracts but also initiating the founding of joint ventures with foreign capital: we have already registered two such ventures. At the same time, we are making investments to assist the processes of the restructuring and modernization of the Polish steel industry.

[ZYCIE WARSZAWY] What are, according to you, the greatest barriers and obstacles to this activity?

[Harhala] The fiscal policy of the state so far is not stimulating an increase in output, including output for exports. The steep rate of inflation is causing producers to experience financial difficulties, prolonging the period of clearing of accounts, and discouraging investments. To boot, there is the limited flexibility in bringing the exchange rate of the dollars earned from exports close to the rate prevailing at dollar auctions. I believe that financial policy must definitely stimulate the growth of rational production instead of complicating it. This is the key to an improved supply of the domestic market, a dynamic rise in exports, and a decline in inflation.

#### **Government Initiative To Revamp Coal Industry Deemed Necessary**

*90EP0150A Warsaw ZYCIE GOSPODARCZE in Polish No 44, 29 Oct 89 p 3*

[Article by Tomasz Jezioranski: "At Last: Bringing Order Into Mining"]

[Text] Exploring ways of reducing the budget deficit, the government has resorted to the approach advocated in this periodical ever since the beginning of this year—a change in the subsidy system. A suitable provision was

included in the draft revisions of the budget law which has just been presented to the Sejm. We can only rejoice that this measure, certainly not an easy one, will finally be taken, because it can hardly be presumed that the deputies would torpedo this idea of the government. Opposing the interests of the mining subsector, which has for more than 40 years been dictating terms to the entire economy, certainly deserves being viewed as an epochal decision.

### A Few Figures

This decision was taken not only in view of the financial consequences, which will be considered in a moment, but also in view of the psychological consequences of breaking a pseudopolitical taboo that burdens the economy so greatly. This saves a minimum of face, as the saying goes, for the government in carrying out painful financial measures in other subsectors and occupational groups (although, of course, this is no guarantee of the success of these measures).

Until 1988 the mining subsidy system had been relatively simple and fairly lucid. The state budget had been returning in the form of subsidies to mining the difference between the average annual marketing price and the average extraction cost plus a small profit margin. On the scale of the entire subsector the profits thus attained did not exceed 5 percent in the last few years. This system was criticized (insofar as possible) for its tendency to approve any additions to operating cost. Indeed, during 1984-88 the operating cost of black coal mining increased at a rate about 35 percent faster than the prices in the economy (price increases totaled 180 percent, while cost increases totaled about 240 percent).

But it turned out that the practices criticized had been far from the worst, because subsequently, in 1988, under the Decree on the Black Coal Community, a new subsidy system was introduced—a system that seemed designed to beggar the economy because it provided that subsidies for the mining industry would be the higher the worse the state's economic and financial situation becomes, if the devaluation of the zloty is taken as the criterion of that condition.

Thus, the new system specified that the subsidies would be equal to the difference between the average marketing price and the clearing price based on the transaction price in exports to Payments Area 2 [capitalist countries] (transaction price is corrected for a coefficient that takes into account the differences in the quality and variety of the coal extracted in Poland).

Let us illustrate the operation of that system with an example. In 1987, under the old system, the state budget subsidized the mining industry to the tune of about 215 billion zlotys, whereas a year later, this figure climbed to 305 billion. Had the new system been introduced earlier, the subsidies for those years would have amounted to about 490 and 760 billion zlotys, respectively. Thus, the actually paid subsidies for 1987 and 1988 amounted to

about 45 percent and the hypothetical subsidies would have amounted to about 55 percent, year after year.

For this year, under the new system, the subsidies planned for the mining industry are in an amount that is a shock to everyone, namely, 1,085 billion. But the unfolding of events has been even more shocking. The subsidies due for the first 10 months of this year amount to 1,081 billion zlotys and for the remaining 2 months they are supposed to reach 2,600 billion. Thus, altogether, the new subsidy system would cost the state about 5 trillion annually, which equals the size of the probable year-end deficit of the state budget.

But what Mrozek [the satirical playwright] did not conceive was conceived by the pair of subsidy-system experts Wroblewski and Wilczek. They succeeded in creating a mechanism which, on the one hand, squeezed the state budget like a lemon and, on the other, squeezed bitter tears from miners. For in the second half of the year they caused the wages of miners to lag behind, for the first time ever in Poland. But at the outset the situation had looked very pleasant: the ministers thought that they created a splendid system and the miners believed that this year they would be flooded with money (their wage subsidy was to be greater by a factor of 3.5 than in 1988).

### The First Signal

But already in February and March complaints about the new system were raised within the Black Coal Community. Although subsidies for the first quarter reached about 500 billion zlotys, i.e., about 60 percent more than would have been due under the old system, experienced accountants knew better: it was "only" rather than "as much as" 60 percent. After 8 months the difference nominally declined to 3.5 percent but in reality it was minus 25 percent, because the state began to be tardy in paying subsidies; the cause of the problems was the inflation.

In mining, like elsewhere, inflation has imprinted its destructive brand chiefly on operating cost. Last year the average extraction cost per metric ton of coal was 10,500 zlotys, whereas in the first quarter of this year it soared to about 15,800 zlotys; in the second quarter, to more than 18,000 zlotys, and after 8 months to more than 19,000 zlotys, i.e., 83 percent higher than in 1988. Averaged over months, in December 1988 extraction cost per ton was about 12,000 zlotys, whereas in August 1989 it was nearly 30,000 zlotys (the marginal cost rose from about 43,000 zlotys in December 1988 to about 111,000 zlotys in August, i.e., nearly 160 percent more, while minimal cost rose to 16,600 from about 6,500 zlotys, i.e., by 155 percent). During the same period the average marketing price rose from about 9,000 zlotys per metric tons in December 1988 to about 13,000 zlotys in August 1989.

Thus, the price increased by about 45 percent whereas the cost climbed by about 150 percent and the transaction price during that period increased by about 100

percent. Here we perceive the core of an ingenious inflationary mechanism, as I. Sekula would say: the increase in the transaction price is too high for the state budget but too low for the mining industry, so that everyone is a loser (it seems that, viewed from this standpoint, this system is the first signal of the deeper changes awaiting us).

This sounds like a joke but it is true: In 1984 we had 21 profitable coal mines and 3 years later, i.e., in 1987, as many as 28, while last year that total declined to 27, meaning that, as before, only about 40 percent of all mines are operating in the black. The disaster commenced this year: after the first quarter of this year only six mines still operated profitably, and after 8 months not one profitable mine has remained.

That is why I wrote last winter that the introduction of realistic prices should begin with coal rather than with food (see ZYCIE GOSPODARCZE, No 12, 1989). Had the coal price been raised 100 percent last January, 54 mines would have been operating at a profit after the first quarter of the year, and the mining industry as a whole also would be profitable. Had we taken that decision last August 21 mines would now have been operating at a profit. Taking this decision now would change to the better the situation of several mines. But more importantly, taking that decision last January would have revamped the cost and price structure of the economy.

But let us not cry over spilled milk. It happened. Let us rejoice because at least even now the doubling of the coal marketing prices and the return to the old subsidy system will relieve the state budget tangibly. The subsidies should be smaller by at least 1 trillion zlotys. That is a lot of money.

But the government should not rest content with this success. It should follow it up by finally bringing order into the mining industry as a whole. The changes should be consistently if cautiously pursued in the direction of the market system and proceed in parallel along two main directions.

### The Next Steps

The first direction is the organizational restructuring of mining, where four administrative levels stand atop the miner's shoulder: the mine administration, the PEW [Mine Supply Enterprise] administration, the Black Coal Community administration, and the Ministry of Industry's overseers. This structure should be liquidated; this is clear and has long been postulated. In my opinion, though, it should be done not with the aid of dynamite but of deliberate dismantling. For the mining subsector is so topheavy that in collapsing it could cause much needless harm to others.

The search for workable solutions should proceed within the boundaries of the triangle of three axioms: first, the basis for the changes must be the operating and financial autonomy of the basic production entity; second, a

standard organizational formula for all such entities should not be adopted; and third, the specific features of mining are such that the coordination of this subsector as a whole has to be considered to a greater extent than in other subsectors, primarily so far as development is concerned.

In practice this means that the principal organizational module should be both the present-day mine and a small group of adjacent mines, and that the objectives which are to be achieved, also in present-day mining, by some overall administration such as the Black Coal Community, may instead be achieved by a properly organized and equipped department of the Ministry of Industry, and lastly that the PEWs are just as dispensable as the corporations, associations, and groupings of mines have proved to be.

For it is precisely the PEWs, given their present organizational form, that are a structure conflicting with the market. For they represent not only an oversight structure in relation to the mines but also a closet world in themselves, one which exploits its monopoly status to dictate terms to customers.

The average PEW consists of from 4 mines in Lower Silesia to 19 mines in the "Polnoc" PEW, and it includes a repair facility, a forwarding and shipping facility, and a supply facility. In my opinion, the liquidation of the PEWs should result in transforming these facilities into autonomous enterprises, at least seven smaller entities of this type. This would create a pluralist organizational structure, which is indispensable to the rise of competition. In addition, it would be necessary to establish three enterprises for mining operations and as many enterprises for stope operations. Furthermore, is it worth it for a central coal marketing agency to continue to operate? Trade, both domestic and foreign, may be engaged in independently by production (extraction) enterprises just as is being done by many producers in other subsectors.

The other great direction of changes is the economics and economy of mining. The first question which must be answered, and that has to be answered by the government, and which affects many other decisions, is as follows: do we intend to abandon coal subsidies or to maintain them to some extent? I personally believe that a total abandonment of subsidies would in the balance harm the economy although under the doctrine of the pure market model such a decision would be most welcome.

The ambition of achieving profitable prices for each mine means that the substantial and infallible motor of inflation would come into play, because the so-called coefficient of flexibility of price changes in the economy in relation to changes in coal price is 0.62. As time goes on, the coal extraction cost is bound to rise, because more poorly located, less accessible, and qualitatively worse deposits will have to be developed. In my opinion, [while subsidies should be continued], their scope and

procedure should be reconsidered, this being linked to economic policy and the economic-financial system in mining.

I may offend the liberals, but I will hazard the statement that I doubt whether some form of price-equalization accounting in mining is avoidable. Generally speaking, this could be avoided only if we adopt the principle that the coal marketing price is determined by the marginal extraction cost plus normative profits (rather than by the transaction price, which would be too low for a substantial part of the mines). Had this approach been introduced last August, given the marginal cost of 111,000 zlotys, the price would have been about 116,000 (and the transaction price, 32,600), thus making the lowest cost mines as much as 1,000 percent profitable, which is utterly absurd..

Thus the individualization of accounting procedures is inevitable. But the next question is whether this individualization should be extended to the entire mining industry or only to some of its parts. The question may seem rhetorical, but it is hardly pointless. For I believe that subsectorwide individualization is in this case not feasible. Analyzing the geological and engineering conditions of every individual mine, more even, of every individual gallery, would not provide an objective picture, because the criteria for appraisal are not objectively measurable, so that subjective factors would come into play.

Thus, instead of undertaking a huge project and achieving doubtful results—this being a separate issue, since where are those objective mining experts to be found except in Warsaw?—would not it be better to preserve during the transition period the system of internal prices that has recently been functioning in mining, upon modifying it to provide better incentives? In other words, this system should be used to provide greater rewards to profitably operating mines and to those which improve their economic performance, especially by optimizing unit cost. At the moment there is no such dependence. But then until now there has been no need for it.

But what was unimportant so long as the mines lacked economic autonomy can become immeasurably important once they are endowed with that autonomy. Under the PEW system it does not pay to attempt cost-cutting measures, but to an autonomous mine this must pay. And since maintaining government subsidies to the mining industry is unavoidable, these subsidies should be turned into an instrument rewarding profitable operation.

But this factor in itself is not enough, just as even the best system will produce insignificant effects (or even prove counterproductive) if it operates in inappropriate conditions. In addition to autonomy and self-financing—and self-governance, but that is a separate issue—a prerequisite for a fairly efficient system is reaching a minimum threshold of competition. In other words, an even small surplus of coal output should be created as soon as

possible. So long as the pressure to extract coal continues, so long as the economy can absorb every extracted ton of coal, the state budget will have to accept such cost and either trigger a new price spiral or grant subsidies, even if most meticulously scrutinized.

As can be seen, changes in the operation and organization of mining are needed. While we rejoice at the abandonment of the insane new subsidy system, we should also hope that the framers of this heroic decision will not rest on the laurels of contentment with its effect on the state budget. For that decision will be genuinely meaningful economically only if this first and most difficult step is followed by other steps.

## YUGOSLAVIA

### Disintegration of Energy System Predicted

90EB0092C Belgrade BORBA in Serbo-Croatian  
24 Oct 89 p 3

[Article by Darko Gorsek: "The Energy Industry Presents Its Bill"]

[Text] On the open world market, a ton of crude petroleum is \$17 cheaper than it used to be. At the same time, our refineries lose \$1 million on that same ton when they refine it. It takes only a glance at the table of exchange rates to know that the problem is there somewhere. But, of course, the refineries and the banks involved do not have those \$200 per ton, which is the current price of petroleum, and so they are resolved (Pancevo and Bosanski Brod will not purchase petroleum, and after repairs Rijeka will refine only minimal daily amounts—as long as their reserves last): No purchasing of the basic raw material until the prices of petroleum products go up. It seems like blackmail, but the shortage of money is a reality.

Drazen Bevandic, director of the Rijeka Refinery, says that petroleum products must be 88 percent more expensive if business operation is to be normal. However, even if gasoline became that much more expensive beginning tomorrow, the effect that would allow the purchase of the cheapest petroleum on the free market would be felt much later, once the resources had been built up, when the debts and losses had been made up.

### An Expensive Commodity

And that is a fact. All the wrong decisions in the fuel and power industry leave a deep imprint, and they cannot, of course, be corrected quickly, since this is a field in which there are no spectacular solutions. And we have been very wrong about this, beginning with the concept which lasted the longest and inflicted the greatest harm, that with cheap energy we would make our industry competitive in the world. This concept has failed, but only now has it become obvious. Industry has not become competitive, and the fuel and power industry has fallen behind in development.

People have begun to realize, although there were warnings earlier, that energy is a commodity which has a clear price and cannot be cheap. That is why economic laws and market conditions apply to it fully. But we must above all have a clear energy policy, which unfortunately we have not had up to now. Better put, we have proclaimed specific solutions, arrangements that the world finds original and amazing. The only encouraging thing at the present moment is that that same advanced world has abundant constructive experience which can be carried over to us.

Out of all that exists in the world, for the present the only discussion concerns the so-called world price. We have even managed to define it as a category which represents a synthesis of the export price, the import price, the price on the commodity exchange, and the domestic price. In practice, the world price does not exist in the world.

This becomes obvious if we take the example of coal. When the so-called joint elements were worked out back in 1966, the "world price" was defined and calculated on the basis of the average price of coal for thermal electric plants and industry in Great Britain, West Germany, France, and Belgium. The domestic price of coal was arrived at on that basis.

#### World Prices

Now, certain types of Yugoslav coal are sold at the "world price," but still these mines have no resources for the development component. It was simply overlooked, or it was not suitable to mention, that in the countries

used for comparison compensation is paid as government aid to the coal industry, which for all practical purposes makes up the losses that occur because of the difference between production costs and the revenues accruing from the domestic prices.

Thus, state aid to coal mines amounts to 70.1 percent of the product price in Great Britain, 9.6 percent in West Germany, 31.2 percent in France, and 32.3 percent in Belgium. Is it just an accident that this is so?

For example, in the world at large if capital ceases to be invested in a mine, it ceases to operate in a year or 2. In our country, investments have already ceased not only in coal mines, but in other fuel and energy projects as well. In Serbia, which produces 1.2 million tons of quality coal in underground mines above all for industry and general consumption, annual investments are needed in the amount of 260 billion dinars. If they are closed down, and that is where they are headed, it will take \$60 million, or over 2.5 billion dinars, to import 600,000 tons of petroleum to offset the present production of coal.

These mines have no great problem selling their coal; they can cover their personal incomes and operating costs out of current production. But until recently they were using short-term credits for the indispensable investment projects, paying high rates of interest, both adjusted rates and real rates. All the mines have been incurring losses and face the dilemma of whether to shut down or wait so that in the end their specialty can also be involved in formulating an energy policy that will respect the market and this country's future.

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